



Tony Knowles, Governor

## Department of Community and Economic Development

### Office of the Commissioner

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October 15, 2002

James W. Balsiger  
Administrator, Alaska Region  
U.S. Department of Commerce  
National Marine Fisheries Service  
P.O. Box 21668  
Juneau, AK 99802-1668

RE: 2003-2005 CDQ Program Allocation Recommendations

Dear Mr. Balsiger:

I am pleased to present the State of Alaska's recommendations for the Western Alaska Community Development Quota (CDQ) Program allocations for the 2003-2005 CDQ fisheries in the Bering Sea and Aleutian Island (BS/AI) management areas.

The State of Alaska received six applications pursuant to 50 CFR 679.30 and State of Alaska regulations 6 AAC 93. The 2003-2005 CDP applications have been fully reviewed by the state. The attached findings support the State of Alaska's recommendations for CDQ allocations for these fisheries.

The applicants are as follows:

- Aleutian Pribilof Island Community Development Association (APICDA)
- Bristol Bay Economic Development Corporation (BBEDC)
- Central Bering Sea Fishermen's Association (CBSFA)
- Coastal Villages Region Fund (CVRF)
- Norton Sound Economic Development Corporation (NSEDCC)
- Yukon Delta Fisheries Development Association (YDFDA)

The 2003-2005 primary target species allocations are as follows:

CDQ Groups	Pollock	Pacific Cod	Opilio Crab	Bristol Bay King Crab	Halibut
APICDA	14%	15%	8%	17%	4B – 100% 4C – 15%
BBEDC	21%	21%	20%	19%	4D – 26% 4E – 30%
CBSFA	5%	9%	20%	10%	4C – 85%
CVRF	24%	18%	17%	18%	4D – 24% 4E – 70%
NSEDCC	22%	18%	18%	18%	4D – 30%
YDFDA	14%	19%	17%	18%	4D – 20%

*"Promoting a healthy economy and strong communities"*

2003-2005 CDQ Program Allocation Recommendations

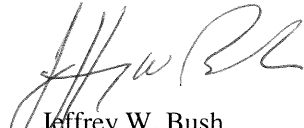
The recommended CDQ allocations are generally lower than originally requested by applicants. This was necessary as cumulative quota requests far exceeded available CDQ quotas.

The state arrived at these recommended quota allocations following a thorough review of each application, prior-period financial and compliance reviews, a public hearing, individual meetings with each applicant, consultation with the North Pacific Fishery Management Council, and a determination of consistency with applicable state and federal regulations.

Governor Knowles is pleased with the progress, results, and the relative improvements to western Alaska's coastal communities as a result of the CDQ program. Since the program began ten years ago, fishery revenues of over \$340 million have been directed towards investments relating on behalf of the eligible communities. The CDQ program has led to over \$80 million in wages, education and training benefits. CDQ groups have invested in in-region seafood infrastructure projects and fish processing investments. The aggregate asset value of the six CDQ groups at the end of 2001 was in excess of \$190 million. All of the CDQ activity benefits many of the rural residents of western Alaska who lack economic opportunity. Accordingly, the state and the nation benefits.

Your approval of the recommendations for the state's 2003-2005 CDQ allocation recommendations would be appreciated.

Sincerely,



Jeffrey W. Bush  
Deputy Commissioner

Attachments

Governor Knowles  
NPFMC members  
Chris Oliver, Executive Director, NPFMC  
Commissioner Frank Rue, Alaska Department of Fish & Game  
CDQ Groups  
CDQ Team

# **2003-2005 COMMUNITY DEVELOPMENT PLAN APPLICATIONS FOR THE COMMUNITY DEVELOPMENT QUOTA PROGRAM**

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## **INTRODUCTION**

The State of Alaska (state) received Community Development Plan (CDP) applications for 2003-2005 Community Development Quota (CDQ) from the six CDQ groups pursuant to 50 CFR Part 679 and 6 AAC 93. Each application was reviewed individually by the state and meets all applicable requirements. The state is forwarding its allocation recommendations after completing the review and evaluation process.

Criteria used in the allocation process are established in state and federal regulations. In addition to the CDP's and information on file, the state also used input from a public hearing, private interviews with each CDQ applicant and consultation with the North Pacific Fishery Management Council (Council). These findings include investigations into the accuracy of the applications and just consideration of all economic impacts on eligible CDQ communities.

Federal regulations in **§ 679.30(a)** establish requirements that a proposed CDP must meet in order for the Secretary to grant approval. As stated under **§ 679.30(d)**, "NMFS will review proposed CDP's and approve applications that meet all applicable requirements." This document will look at the state's allocation recommendations for each proposed application. These findings will present the application review process, including the public hearing and consultation with the Council, and will provide a review of the state's findings and provide the state's rationale for quota recommendations under the established criteria.

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## **COMMUNITY DEVELOPMENT PLAN FINDINGS**

The CDP applications are for the 2003-2005 CDP application cycle. Applicants were asked to show through a checklist that their proposed 2003-2005 CDP contained all required material.

The evaluation criteria utilized by the Secretary to assess the state's CDQ allocation

recommendations are located at **§ 679.30(a)**. The following headings are arranged in the same order.

**APPLICATION PROCEDURE [§ 679.30(a)]**

The state has reviewed the CDP applications and finds that each application contains the information required at **§ 679.30(a)**. This information consists of community development information, business information, and the managing organization's qualifications.

**COMMUNITY DEVELOPMENT INFORMATION [§ 679.30(a)(1)]**

Each applicant has detailed information on the following community development subjects that can be located through the CDP checklists in each CDP.

Project Description [§ 679.30(a)(1)(i)]

For each community development project the applicant is required to provide a project description, the short and long-term project benefits, a schedule for implementation and completion, measurable milestones with dates to determine progress and details on how the project will be funded. Financial projections should not rely on future quota from CDQ allocations beyond the present allocation process. Executive summaries highlighting CDP projects are included in each CDP. Below is a brief summary of the various types of CDP projects. A complete list of all CDQ projects appears in the CDP's.

Project schedule [§ 679.30(a)(1)(ii)]

Each CDP contains a project schedule. Given the expertise of each organization and the nature of the projects, it is believed the schedules can be met.

Employment [§ 679.30(a)(1)(iii)]

Each CDP contains the applicant's employment goals for the CDP allocation cycle and a list of the type of work anticipated and the career advancement from that work. The applications provide a prediction of the number of jobs per year generated by the program.

Community Eligibility [§ 679.30(a)(1)(iv)]

We recognize that a question has been raised concerning the eligibility of some of the communities participating in the CDQ program. Each community represented in the CDP applications is either listed on Table 7 of Part 679 or meets the criteria for an eligible community under § 679.2. In making these recommended allocations, the state team determined that disqualification of any or all of the questioned communities would not affect any of the state's final recommendations for the six groups.



Community Support [§ 679.30(a)(1)(v)]

In order to comply with **§ 679.30(a)(v)**, each application has letters or resolutions of support for the managing organization from the governing body of each community participating in the CDP. The community letters and statements of support are located in the CDP applications or incorporated by referencing the 2003-2005 CDP.

**MANAGING ORGANIZATION INFORMATION [§ 679.30(a)(2)]**

The state has examined the key personnel, management structure, qualifications, legal relationships, board of directors and stated responsibilities of each managing organization. All of the CDQ groups' management teams have been in place for several years and have significant experience in managing individual CDP's. Based upon the submitted documentation, it is believed that all managing organizations are qualified, will operate in a responsible manner, and will ensure that their harvest and use of CDQ allocations will occur pursuant to their respective CDP's.

The state, however, remains concerned about increasing administrative costs occurring among all six CDQ groups. In response, the state will be reviewing its policy on defining administrative costs and plans to refine reporting standards to better measure the amount of administrative expenditures per individual CDQ group.

The qualification criteria are as follows.

Structure and Personnel [§ 679.30(a)(2)(i)]

Section **679.30(a)(2)(i)** requires the submission of information concerning management structure and key personnel. Although each CDP applicant has developed a unique management structure, the management objectives for all groups are similar in nature. Each management team is responsible for managing fisheries harvests, investment funds, and development projects as listed under **§ 679.30(f)**. The tasks require expertise in various areas. Applicants often rely on in-house personnel and outside professionals for assistance. It appears that most CDQ organizations are decreasing their reliance on outside assistance and instead are focusing on developing and strengthening their internal capabilities.

**§ 679.30(a)(2)(i)** requires a list and description of key personnel in the managing organization. A resume for each individual is included. Contact persons for each managing organization are listed in Appendix 9, which includes information for each CDQ harvest manager by fishery and the harvesting partner.

Management Qualifications [§ 679.30(a)(2)(ii)]

Each applicant's managing organization is qualified to carry out projects in the proposed CDP's. **§ 679.30(a)(2)(ii)** requires a description of how applicants will manage CDQ allocations and prevent quota overages. Organizations are responsible for managing each CDQ allocation and are required to plan

appropriately for the diverse and complicated harvesting requirements in the CDQ program. A detailed description of each applicant's management qualifications can be found in the CDP.

**APICDA** separates policy decisions and administrative activities between two principal entities. Policy decisions are made by the board of directors, while Chief Executive Officer and Chief Operating Officer services are provided under contract by Pacific Associates, a Juneau-based fisheries consulting firm. Among other administrative services provided from APICDA's central office in Juneau are a director of administration, general manager, quota manager, human resources manager and accounting personnel.

- APICDA is responsible for ensuring proper harvest of all its CDQ allocations, including regulation compliance.
- APICDA will harvest its pollock through Trident Seafoods and Starbound.
- APICDA has developed an umbrella agreement with its CDP quota-harvesting partners.
- APICDA has worked for several years to create a realtime data management system. The system, called OceanLogic, may be used to assist NMFS in tracking CDQ group harvest activities.

The 2003-2005 CDP application describes the management organization and structure. It also outlines the harvest monitoring functions.

The **BBEDC** managing organization consists of the board of directors, president/CEO and staff. The central office is located in Dillingham. All policy decisions and development projects are managed by the board and implemented by staff. BBEDC has a comprehensive administrative infrastructure and relies on established market specialists for investment analysis. A professional fund manager is under contract to manage BBEDC's financial investments.

- BBEDC is responsible for ensuring proper harvest of all its CDQ allocations, including meeting regulatory requirements.
- BBEDC will likely harvest its pollock with Arctic Storm.
- BBEDC is working with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Details of the management organization are included in the 2003-2005 CDP application.

The managing organization responsible for **CBSFA's** policy decisions is the board of directors and the President. Administrative duties are tasked to staff who are located in Saint Paul. CBSFA relies heavily on a consultant based in Seattle who provides strategic and operational services.

- CBSFA will be responsible for ensuring proper harvest of all its CDQ allocations, including proper compliance with regulatory requirements.

- CBSFA will harvest its pollock through American Seafoods.
- CBSFA will be working with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Further details are found in CBSFA's 2003-2005 CDP application.

For **CVRF**, the Board of Directors is the overall management organization. An executive director heads the administrative duties from the central office located in Anchorage. CVRF has fully implemented the changes recommended during an independent management review in 1998, including relocating the executive director to the central office in Anchorage. The Juneau and Bethel offices are being closed. The review was developed to assist CVRF in establishing itself as a strong organization capable of handling the various facets of the CDQ program.

- CVRF will be responsible for ensuring proper harvest of all its CDQ allocations, including meeting all regulatory requirements.
- CVRF will harvest its pollock through American Seafoods.
- CVRF will be working with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Further details are included in CVRF's 2003-2005 CDP application.

The **NSEDC** Board of Directors oversees the position of president/CEO and various staff positions, primarily located in Anchorage.. The board and staff manage development projects and contract out for additional technical and expertise services as required.

- NSEDC will be responsible for ensuring proper harvest of all its CDQ allocations, including the meeting of regulatory requirements.
- NSEDC will harvest its pollock through Glacier Fish Company.
- NSEDC will be working jointly with Sea State and other CDQ groups to assure proper harvest and tracking management of CDQ quota.

Details of the managing organization are included in NSEDC's 2003-2005 CDP application.

The **YDFDA** Board of Directors oversees an executive director and staff who are primarily located in Anchorage and Seattle. These employees are responsible for much of the management duties within the organization, especially development projects and daily operations.

- YDFDA will be responsible for ensuring proper harvest of all its CDQ allocations, including meeting regulatory requirements.
- YDFDA will harvest its pollock through Golden Alaska Seafoods.

Details of the managing organization are included in YDFDA's 2003-2005 CDP application.

Legal Relationship [§ 679.30(a)(2)(iii)]

Under § 679.30(a)(2)(iii), state agencies are required to review the submitted individual business contracts specifying the legal relationships between applicants and business partners. The relationships should be clear with respect to responsibilities and obligations, based on contracts or other legally binding agreements. In addition, all CDQ groups are legally recognized non-profit corporations under Alaska law and have the authority to initiate lawsuits, be sued, enter into binding agreements, obtain loans, and own property.

Board of Directors [§ 679.30(a)(2)(iv)]

A list of each applicant's board of directors is listed in the respective 2003-2005 CDP, including each director's name, address and telephone number. Each CDQ board has representatives from each community on the board.

**BUSINESS INFORMATION [§ 679.30(a)(3)]**

Each applicant has submitted detailed information on the following business items:

Business relationships [§ 679.30(a)(3)(i)]

Except as discussed below, all business relationships including audit services, financial services, project management, investment management, royalty arrangements, partnership agreements, investment analysis, data management services and catch monitoring services are provided.

Profit sharing [§ 679.30(a)(3)(ii)]

All profit sharing arrangements between each CDQ applicant and its harvesting partners are clearly defined and supported through signed contracts. However, the state does not have signed CDQ royalty contracts in many cases, and these will need to be completed and submitted to NMFS before recommendations are forwarded to the Secretary. Profit sharing arrangements generally involve royalty agreements and income distribution plans.

Funding [§ 679.30(a)(3)(iii)]

All funding and financing plans are described including each applicant's intended distribution of proceeds.

General budget for implementing the CDP [§ 679.30(a)(3)(iv)]

Each CDP applicant provided a detailed budget for each year of the 2003-2005 CDP. Updates to these budgets occur annually as required under 50 C.F.R. 679.30 (g)(iii) and through the CDP budget amendment process.

Financial statement [§ 679.30(a)(3)(v)]

The most recent income statement, balance sheet, cash flow statement, management letter and agreed upon procedures report has been provided in each

CDP applicant's independent audit report.

Organization chart [§ 679.30(a)(3)(vi)]

Each application includes an organization chart(s) that includes all divisions, subsidiaries, joint ventures and partnerships with a description of the legal status, state of registration, and percentage owned.

**REQUEST FOR CDQ AND PSQ ALLOCATION [§ 679.30(a)(4)]**

The CDP applications list the requested CDQ species allocations.

**FISHING PLAN FOR GROUND FISH AND HALIBUT CDQ FISHERIES [§ 679.30(a)(5)]**

Each CDP application provides details required in 679.30(a)(5), including a list of eligible vessels [§ 679.30(a)(5)(i)(A)], a list of eligible shoreside processors or buying stations [§ 679.30(a)(5)(i)(B)], a list of eligible buyers of halibut CDQ [§ 679.30(a)(5)(i)(C)], and sources of data or methods for estimating CDQ and PSQ catch [§ 679.30(a)(5)(ii)].

**CDQ PLANNING [§ 679.30(a)(6)]**

The CDP applications have a section that provides strategic planning information.

Transition plan [§ 679.30(a)(6)(i)]

In each 2003-2005 CDP Application there is a separate section devoted to developing a transition plan from the CDQ program to self-sufficiency in local fisheries economies.

Post allocation plan [§ 679.30(a)(6)(ii)]

In each 2003-2005 CDP Application there is a separate section devoted to a post allocation plan and information on long term development strategies.

**2003-2005 CDP APPLICATION PUBLIC HEARING [§ 679.30(b)]:**

As required in federal and state regulations, a public hearing was held to receive comments on the proposed CDP applications. Public notice for the meeting was provided, as required, 30 days in advance of the meeting. All public notices are included in Appendix 2.

The public meeting was held August 27, 2002, from 8:30 a.m. to 12:00 Noon at the Legislative Information Office in Anchorage, Alaska. Participants outside of Anchorage could attend by teleconference in Nome, Bethel, Dillingham and Unalaska, and in smaller communities through offnet sites. Copies of each applicant's 2003-2005 CDP Application Executive Summary were made available to the public at the hearing and were also posted in advance on the state's CDQ website at <http://www.dced.state.ak.us/cbd/CDQ/cdq.htm>. In addition, a sign up sheet was available for those interested in receiving a written transcript of the hearing. A copy of

the transcript of the hearing, along with all documents submitted by the public during the hearing and any other comments received from the public, are included in Appendix 3.

**NORTH PACIFIC FISHERY MANAGEMENT COUNCIL CONSULTATION [§ 679.30(c)]:**

The state consulted with the North Pacific Fishery Management Council (NPFMC) concerning its CDQ recommendations on October 6, 2002, in Seattle. Copies of the State's recommended allocations were forwarded to the Council. Every voting Council member except Bob Penney was in attendance.

At the meeting the Council unanimously concurred with the state's recommendations for the 2003-2005 allocation cycle. Copies of the letters presented by the state to the Council are included in Appendices 1 and 4. State testimony can be found in the NPFMC record of proceedings of the October meeting.

**REVIEW AND APPROVAL OF PROPOSED CDP'S [§ 679.30(d)]:**

The state must include quota recommendations, findings, and rationale, to support its recommendations for the proposed CDP applications. Each application must meet all requirements in Part 679.

**QUOTA RECOMMENDATIONS**

For Bering Sea/Aleutian Islands (BS/AI) area CDQ fisheries for 2003 - 2005, the state recommends to the Secretary of Commerce (Secretary) that the CDP applicants receive the allocations summarized below in accordance with **§ 679.30(d)**. A complete spreadsheet showing the 2003-2005 CDQ allocation recommendations is provided in Appendix 5. The justification for the state's 2003-2005 CDQ allocation recommendations and confidential comments from the scorecards are provided in the next section of this document and in Appendix 1.

**2003-2005 CDQ ALLOCATION RECOMMENDATIONS****POLLOCK:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 14% of the pollock quota in the BS/AI/Bogoslof management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 21% of the pollock in the BS/AI/Bogoslof management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 5% of the pollock quota in the BS/AI/Bogoslof management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 24% of the pollock quota in the BS/AI/Bogoslof management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 22% of the

pollock quota in the BS/AI/Bogoslof management area.

- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 14% of the pollock quota in the BS/AI/Bogoslof management area.

**Pacific Cod:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 15% of the Pacific cod quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 21% of the Pacific cod quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 9% of the Pacific cod quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 18% of the Pacific cod quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the Pacific cod quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 19% of the Pacific cod quota in the BS/AI management area.

**Bristol Bay Red King Crab:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 17% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 19% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 10% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 18% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the Bristol Bay Red King crab quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 18% of the Bristol Bay Red King crab quota in the BS/AI management area.

**Bering Sea Opilio Crab:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 8% of the Bering Sea opilio crab quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 20% of the Bering Sea opilio crab quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 20% of the Bering Sea opilio crab quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 17% of the Bering Sea opilio crab quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the

Bering Sea opilio crab quota in the BS/AI management area.

- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 17% of the Bering Sea opilio crab quota in the BS/AI management area.

**Bering Sea Fixed Gear Sablefish:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 15% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 20% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 16% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 0% of the Bering Sea fixed gear sablefish quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 18% of the Bering Sea sablefish quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 31% of the Bering Sea sablefish quota in the BS/AI management area.

**Aleutian Islands Fixed Gear Sablefish:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 14% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Bristol Bay Economic Development Corporation (**BBEDC**) is to receive 19% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 3% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Coastal Villages Region Fund (**CVRF**) is to receive 27% of the Aleutian Islands fixed gear sablefish quota in the BS/AI management area.
- Norton Sound Economic Development Corporation (**NSEDC**) is to receive 23% of the Aleutian Islands sablefish quota in the BS/AI management area.
- Yukon Delta Fisheries Development Association (**YDFDA**) is to receive 14% of the Aleutian Islands sablefish quota in the BS/AI management area.

**4C Halibut:**

- Aleutian Pribilof Island Community Development Association (**APICDA**) is to receive 15% of the area 4C halibut quota in the BS/AI management area.
- Central Bering Sea Fishermen's Association (**CBSFA**) is to receive 85% of the area 4C halibut quota in the BS/AI management area.

All other changes to the 2003-2005 allocation recommendations were computed by the state's formula-based bycatch matrix that relied on CDQ group harvest statistics.



**TOTAL CDQ REQUESTED**

The 2003-2005 CDQ allocations being recommended are generally lower than the amounts requested by the applicants. For example, the cumulative amount of pollock CDQ requested by the applicants totaled 26% more than the CDQ quota available for the BS/AI management area. Appendix 6 provides a complete list of the initial allocation requests. After notification of the State's allocation recommendations, each CDQ group was asked to submit revised 2003-2005 CDP information to accurately reflect the state's allocation recommendations. The revisions were requested by October 15, 2002. However, the state did not receive all 2003-2005 CDP revisions in a timely manner. The primary items missing from the 2003-2005 CDP Applications are CDQ royalty agreements that, with permission from the state, some groups are still in the process of negotiating.

**FINDINGS AND RATIONALE FOR THE RECOMMENDATIONS**

The state's findings and rationale for its allocation recommendations are found throughout this document and ensuing attachments. When making CDQ allocations, the qualifications of each CDQ group are reviewed with reference to applicable state and federal regulations found in Appendix 7. The state determines whether an applicant has the ability to successfully manage the quota being requested and the ability to meet the goals and milestones in the proposed CDP application.

Many factors are carefully considered during the allocation process. Criteria in state and federal regulations are followed in conjunction with input from the public hearing and private interview with the CDQ group. This year, the state attempted to provide the groups with more transparency in the allocation process through a lengthening of the private meetings and the use of a scorecard.

The scorecard used for each CDQ group had numerical scores given by each state team evaluator in categories constructed around evaluation criteria in state regulations. The broad categories were Population and Economic Need, CDP Achievement, Community, Regional, and Statewide Benefits, Community Outreach and Involvement, Management Effectiveness, and CDQ Program Standards. For each category, the scorecard identified the applicable state regulations, purpose, and sources of information. Scores were given to each group in each category on a scale of 1 to 10. However, because of the differing characteristics of each group, individual categories were weighted separately and cumulative scores were not issued. Each group also received confidential comments compiled from the state team members providing more details about the scores.

As noted in prior testimony before the Council, there is no direct link between the scorecards and allocations, though the scorecards serve as a tool to help the state

and the groups identify and recognize problems and issues affecting each group. The scorecard results and confidential comments are contained in Appendix 1.

In making these recommendations, the state has also taken into consideration all comments received from the groups and others after the state first released its CDQ allocation recommendations. The comments can also be found in Appendix 1.

#### **FACTORS CONSIDERED BY THE STATE IN MAKING ITS ALLOCATION RECOMMENDATIONS**

##### **APICDA:**

###### APICDA's 2003-2005 CDP Application:

- APICDA's 2003-2005 CDP emphasizes a continuation of in-region infrastructure development in member communities. APICDA's CDP places emphasis on maintaining and improving existing in-region businesses and on constructing or expanding processing facilities in St. George, Nelson Lagoon, and Atka to help develop stable local economies that can provide meaningful long-term employment and stability for residents of the region.
- APICDA will continue to contribute ten percent of its annual revenue into a Long-term Reserve Account.
- APICDA will continue to maintain a cash flow projection six months into the future while monitoring budgets on a continuing basis.
- APICDA will engage in conservative fiscal management recognizing that they must develop a diversified economic portfolio.
- APICDA will maintain a quid pro quo policy for all infrastructure projects so that APICDA will receive a reasonable return for each investment.
- APICDA intends to transition to self sufficiency through a long range plan by investing in its communities and the fishing industry to generate capital for overhead needs, and to support what may be marginal businesses in the communities that provide support services.
- APICDA has invested in a cod and salmon processing facility located in False Pass, which began operations in 2000. The only species BPS is currently processing is Pacific cod.
- APICDA has invested in a sport-fishing lodge in Nikolski that was scheduled to be operational by late 2000, but was delayed until mid-2002.
- APICDA will conduct feasibility studies regarding small sport fishing lodges in its member communities including St. George.
- APICDA will continue to purchase halibut and sablefish IFQ shares when shares are available at reasonable rates.
- APICDA will continue to attempt to develop and market its catch reporting software, OceanLogic.
- APICDA's CDP contains continued plans to develop fish processing facilities in all six of its communities. The state encourages more due diligence and research of

each project's feasibility before initial capital investment is made to better determine potential profitability and the value to the region's fishing industry.

Other Significant Factors Considered:

- In general, APICDA scored low on several scorecard categories. Because of the low scores, there was much debate among the state team concerning whether or not to recommend that APICDA have its pollock CDQ allocation reduced, and certainly other species allocation recommendations for APICDA were influenced by the overall poor scores. Nonetheless, it was felt that a reduction of pollock CDQ allocation to APICDA would not be recommended in order to permit the group to address the problems identified. To that end, the state is requiring APICDA to administer, through a qualified independent third party, a thorough management review of the organization to address concerns that were brought to the attention of the state in the 2000 and 2001 annual audits.
- The state recommends a reduction of 1% Pacific cod CDQ allocation, as APICDA failed to harvest all its quota in 2000 and 2001 and had the lowest royalty rate among the CDQ groups in 2000.
- The state recommends a reduction of 2% opilio crab CDQ in response to the lowest royalty rate among the CDQ groups in 2000 and 2001, and APICDA's difficulty in managing its allocation in 1999, 2000, and 2001, as evidenced by its quota overages for three consecutive years. The state also recommends a reduction of 1% Bristol Bay red king crab CDQ in response to significantly lower royalty rates compared with other CDQ groups in 2000 and 2001.
- The state recommends a 5% increase in area 4C halibut CDQ allocation in response to St. George fishermen who have been successful harvesting its area 4C halibut allocation and have demonstrated the need for more halibut quota. The 5% increase, from 10% to 15% of 4C halibut CDQ, equates to approximately 150,000 lbs. over the 2003-2005 allocation cycle, which if harvested will provide significant, direct, and immediate benefits to St. George fishermen and the local economy.
- The state recommends a reduction of 1% Aleutian Islands fixed gear sablefish CDQ as APICDA has had difficulty harvesting its allocation in 2000 and 2001. APICDA harvested only 23% of its Aleutian Islands fixed gear sablefish CDQ allocation in 2000 and 7% in 2001.
- OceanLogic continues to suffer poor financial performance with significant cumulative financial losses.
- Atka Pride Seafoods has been a successful project in terms of employment and in-region benefits to the community of Atka. APICDA has future plans for expansion into sablefish and Pacific cod.
- Many mistakes have been made with the Bering Pacific Seafoods project in False Pass resulting in significant financial losses that are projected to continue in the future. This project appears to have a questionable future. However, it is providing economic benefits to False Pass and to some non-CDQ Alaska Peninsula

fishermen.

- The Nikolski Lodge project had many cost overruns and delays since the project was begun in 2000, but did successfully open for business in mid-2002.
- APICDA's offshore investments are doing well, but there are no specific plans for expansion in the harvesting or at-sea processing sectors. Conversely, APICDA's onshore investments are losing a considerable amount of money. The state feels APICDA needs to consider additional offshore investments to help stabilize its financial condition and develop a stronger and more diverse financial base/reserve to support its in-region shoreside projects.
- APICDA's revised milestones contained in its 2003-2005 CDP show few measurable goals that will realistically benefit the people of the region.
- APICDA's investment guidelines could be improved to reflect more measurable goals and provide more details on investment returns.
- APICDA's net income was low compared to other CDQ groups during the last allocation cycle.
- APICDA's CDQ royalties for pollock were below average during 2000 and 2001.
- APICDA needs to be realistic in considering the feasibility of various projects in the future. Proposed projects appear not to be driven by reasonable feasibility projections.
- APICDA has established a successful outreach program to improve communication with local residents. An annual outreach conference has been held where leaders from each community have the opportunity to meet with APICDA's staff and board of directors. However, APICDA is the only group that does not hold board or committee meetings in region.
- APICDA publishes a quarterly newsletter. APICDA's outreach efforts could be improved by updating its website. Given APICDA's low population, its employment numbers are relatively good with a high level of earnings per employee.
- APICDA focuses a large percentage of royalty revenue towards local infrastructure projects.
- APICDA is the only CDQ group to have a non-CDQ CEO.
- APICDA's proposed St. George crab processing project should be coordinated with St. Paul, with consideration to joining CBSFA in its multispecies processing project.
- Per APICDA's 2001 annual audit, the auditor notes concerns with the accounting department that need to be addressed. The state will monitor this issue in the management review that is being required as part of the state's recommendations.
- APICDA continues to have very high administrative expenses, including among the highest management salaries in the CDQ program.
- APICDA has an acceptable compliance record. However, heightened attention to investment planning and improvement of investment guidelines would enhance APICDA's success.
- APICDA's population at approximately 2% of the overall CDQ population is the

lowest in the CDQ program.

- APICDA's median household income based on 2000 census information is the third highest in the program.

**BBEDC:****BBEDC's 2003-2005 CDP Application:**

- BBEDC's 2003-2005 CDP executive summary contains a clear long- range plan to expand development of offshore investments and in-region projects. BBEDC continues to focus on regional economic development initiatives through the seafood industry, while increasing training and employment opportunities for local residents. However, the state has always felt that BBEDC could focus more attention on individual community development projects. BBEDC has taken the lead by initiating a comprehensive study to examine the potential options for improving the Bristol Bay salmon fishery, which is the primary driver of the regional economy. BBEDC will use the revenues from its offshore investments to support programs for new market expansion and new products, infrastructure development, and exploration of new fisheries. BBEDC plans to utilize grant monies to fund program delivery expenses to the fullest extent possible.
- BBEDC's 2003-2005 CDP Application contains proposed projects with strong investment guidelines and evidence of considerable due diligence and a clear management strategy to accomplish projects contained in its CDP.
- BBEDC's 2003-2005 CDP Application continues to highlight providing employment and training benefits to the residents of the region. BBEDC's CDP continues its scholarship trust in an effort to provide educational opportunities for local residents and develop a well-prepared workforce for Bristol Bay.
- BBEDC's 2003-2005 CDP Application contains a well reasoned long range plan from reliance on CDQ to self-sufficiency.
- BBEDC's 2003-2005 CDP Application contains a comprehensive investment strategy with plans to expand in the pollock, Pacific cod, and crab sectors.
- BBEDC's 2003-2005 CDP Application contains future plans for more involvement in local salmon fisheries.
- BBEDC has set up adequate safeguards for control of CDQ quota being utilized by harvesting partners.
- BBEDC has established an outreach project to improve communications with region residents.
- BBEDC is focusing increased attention on soliciting regional projects that can meet BBEDC's investment guidelines by making the eligibility criteria more reasonable.
- BBEDC's board of directors has participated in the development and actively sought community input for the 2003-2005 CDP Application.

Other Significant Factors Considered:

- The state recommends an increase of 1% Pacific cod CDQ allocation, primarily for BBEDC's successful harvesting rate and attaining the highest royalty rates among the CDQ groups in 2000. BBEDC has an equity ownership interest in the Bristol Leader, which has one of the more impressive performance records among freezer longliners in terms of harvesting efficiency.
- The state recommends an increase of 1% opilio and Bristol Bay red king crab CDQ allocations in response to BBEDC's commitment to harvesting crab, as evidenced by its 40-45% ownership interest in four Bering sea crab catcher vessels and its CDQ royalties during 2000 and 2001. BBEDC's CDP has plans for further acquisitions in the crab sector.
- The state recommends a reduction of 1% Aleutian Islands fixed gear sablefish CDQ allocation and a reduction of 2% Bering Sea fixed gear sablefish CDQ allocation in response to BBEDC's harvest rates in 2000 and 2001.
- BBEDC has a strong CEO and effective staff and consultants. However, BBEDC needs a strong COO and CFO.
- BBEDC has created the Bristol Bay Science and Research Institute, which is funded by grants. A full-time grant writer needs to be hired.
- BBEDC has a board member on the North Pacific Fishery Management Council and a key staff member on the Advisory Panel. BBEDC has been a strong supporter and advocate of the CDQ program.
- BBEDC's region has been declared a salmon disaster area.
- BBEDC has a successful record of achieving its milestones and has strong investment guidelines, which have contributed to its success.
- BBEDC has successful employment and training numbers and has consistently provided training opportunities through support of local education institutions and scholarship programs.
- BBEDC has been very successful in getting residents to utilize employment opportunities with groundfish industry partners.
- BBEDC has assisted in salmon disaster response efforts, including a significant research program and a recent EDA ice machine project for its communities.
- BBEDC is one of two CDQ groups headquartered in-region, resulting in significant financial benefits contributed to local economies, primarily Dillingham, and provides more personal outreach to regional residents.
- Permit brokerage services continue to be provided to Bristol Bay residents.
- BBEDC needs to update its website to assist in its outreach efforts.
- BBEDC has demonstrated a thorough knowledge of the fishing industry and a strong ability to negotiate with partners.
- BBEDC's Board of Directors appears to be highly effective in managing an efficient operation. BBEDC has low administrative and board expenses. However, BBEDC also has the highest reliance and expenditures on outside consultants.

- BBEDC's regulatory compliance record is good, although BBEDC exceeded its pollock CDQ allocation in 2001. Due to recent turnover in key personnel, some reports have been submitted late to the state.
- BBEDC's has the third largest population in the CDQ program at approximately 22%.
- BBEDC's median household income based on 2000 census information is the fourth highest in the program.

**CBSFA:**CBSFA's 2003-2005 CDP Application:

- CBSFA's 2003-2005 CDP Application shows promise, and with crab rationalization, significant benefits could be delivered to the City of St. Paul through local employment opportunities and an increase in tax revenues.
- CBSFA's multi-species project shows promise and may lead to further acquisitions in the crab sector.
- CBSFA currently sets aside a significant portion of its annual pollock royalties to help pay federal matching fund requirements for developing the small boat harbor.
- CBSFA has established an outreach project to improve communications with region residents, including a community survey of St. Paul residents.
- CBSFA's board of directors had a role and actively sought community input for the development of its 2003-2005 CDP Application.

Other Significant Factors Considered:

- The state recommends an increase of 1% pollock CDQ allocation primarily based on the strength of CBSFA's plan to develop a multispecies processing facility in St. Paul.
- Along with another CDQ group, CBSFA had among the highest pollock CDQ royalty rates in 2000 and 2001.
- CBSFA's investment in American Seafoods has produced significant investment returns since 2000.
- CBSFA has had significant reductions in its pollock CDQ allocation in past allocation cycles, and the team felt an adjustment was appropriate in light of the group's current, more positive, condition.
- The state recommends a reduction of 1% Pacific cod CDQ allocation in response to CBSFA's difficulty in harvesting its quota in 2000, although its harvest rates were much improved in 2001. CBSFA also had the lowest Pacific cod royalty rate in 2001.
- The state recommends an increase of 1% opilio crab CDQ allocation in response to CBSFA's plan for utilizing the quota in the 2003-2005 allocation cycle. CBSFA's multi-species project in its 2003-2005 CDP shows promise and with crab rationalization, significant benefits could be delivered to the City of St. Paul through local employment opportunities and an increase in tax revenues.

- The state recommends a 3% increase in Aleutian Islands sablefish CDQ allocation. Prior to this cycle, CBSFA has had no quota in this species.
- The state recommends a 2% reduction in Bering Sea sablefish CDQ allocation as CBSFA has had difficulty harvesting its allocation in 2000 and 2001.
- The state recommends a 5% reduction in area 4C halibut CDQ allocation to accommodate a 5% shift to St. George fishermen.
- The state remains concerned that CBSFA is the only single site community in the program with fewer opportunities to develop economies of scale for administrative and overhead costs. However, during the last allocation cycle, CBSFA has worked to lower overall administrative expenses.
- CBSFA's overall achievement needs improvement, but its multispecies processing project in the St. Paul Harbor shows promise.
- CBSFA's investment in American Seafoods has led to some of the highest distributions and highest pollock CDQ royalties in the program.
- CBSFA acquired a new 60-ton crane, a new floating dock access ramp, and a new hydraulic trailer for the local fleet in 2002 to assist in its halibut CDQ fisheries and the small boat harbor, once completed.
- CBSFA's investment in two crab vessels has been problematic. However, CBSFA is pursuing a resolution of this issue with its business partners.
- CBSFA is close to resolving a long-standing lawsuit filed by a former employee, a lawsuit that has produced high attorney fees and settlement costs. The state will continue to monitor this issue.
- CBSFA has provided training benefits to community residents through its scholarship program.
- CBSFA is headquartered in-region and has published an excellent newsletter and annual report.
- Management effectiveness needs improvement, with too much reliance on outside consultants. CBSFA needs to further develop in-house staff with more expertise and responsibilities, including a stronger CEO. CBSFA should also consider opening a regional office in Anchorage for better access to the industry.
- CBSFA has played a role in bringing community entities to consensus on development issues regarding the main harbor and the adjoining small boat harbor in St. Paul. However, further efforts will be needed to bring the project to a point of construction.
- CBSFA has actively worked with the City of St. Paul before the NPFMC for a comprehensive crab rationalization package to create sustainable business opportunities for the Saint Paul economy.
- CBSFA has been unable to get local residents to utilize job opportunities made available through its groundfish fishing partners.
- CBSFA has demonstrated knowledge of the fishing industry and has improved in its ability to negotiate with partners.
- CBSFA has the largest CDQ local halibut fishery, which employs over one



hundred local residents. CBSFA was instrumental in negotiating higher halibut prices for local fishermen in 2000 and initiated a new fee system that covers fleet support costs.

- CBSFA's Board of Directors appears to have adequate oversight and involvement in maximizing the benefits of the CDQ program. An independent management review was completed in late 2000. The state has closely monitored the recommendations made in the management review, and CBSFA has slowly implemented many of the items addressed in the review.
- CBSFA's population is the second smallest in the CDQ program at approximately 2%.
- CBSFA's median household income based on 2000 census information is the highest in the program.

**CVRF:**CVRF's 2003-2005 CDP Application:

- CVRF's 2003-2005 CDP Application addresses future plans to purchase additional equity interests in the pollock, Pacific cod, crab, groundfish, and sablefish sectors.
- CVRF's 2003-2005 CDP executive summary was thoroughly presented and the 2003-2005 CDP Application professionally written with clear long-term development strategies. The CDP application was produced entirely in-house without the assistance of outside consultants.
- CVRF's board of directors appears to have had a role in the development of its 2003-2005 CDP Application and has also actively sought community input.

Other Significant Factors Considered:

- CVRF receives the most pollock CDQ among the groups.
- The state recommends a 1% increase in its Pacific cod CDQ allocation, as CVRF has been successful harvesting its quota in 2000 and 2001 and royalties have ranked close to or above average in 2000 and 2001. Further, CVRF has significant ownership interests in the Prowler vessels, as well as the Pacific Longline Company through its American Seafoods investment.
- The state recommends a 3% reduction in Aleutian Islands sablefish CDQ allocation consistent with CVRF's 2003-2005 CDP Application.
- CVRF's distributions and pollock CDQ royalties from its investment in American Seafoods are the highest in the history of the CDQ program.
- CVRF's Return on Investment on its equity ownership interests in the pollock industry was the highest in the program. However, the investment also carries a substantial amount of debt into the future., Pacific cod, crab, and groundfish investments have provided among the highest returns in the CDQ program.
- CVRF's pollock, opilio crab, and Bristol Bay red king crab CDQ royalties were among the highest in the CDQ program in 2000 and 2001.

- CVRF has successfully developed salmon and halibut processing facilities in CVRF's communities, including a facility in Quinhagak that has produced impressive employment numbers. CVRF also provides its region residents with markets for salmon, halibut, and herring.
- CVRF's board per diem rate is the highest in the CDQ program.
- CVRF has an effective internal staff with strong technical skills that result in a low reliance by the organization on outside consultants..
- CVRF has successfully completed the implementation of an independent management review requested by the State in 1998.
- CVRF has been very successful in getting region residents to utilize employment and training opportunities within the region. However, CVRF has not had as much success recruiting local residents to work on Bering Sea vessels.
- CVRF has demonstrated an excellent understanding of the fishing industry, as reflected in its high return on investment and ability to negotiate with partners on royalty agreements.
- CVRF's Board of Directors appears to have oversight and involvement in maximizing the benefits of the CDQ program.
- CVRF's regulatory compliance record is good. However, CVRF exceeded its pollock CDQ allocation in 2001.
- CVRF's population is the second largest in the CDQ program at approximately 30%. CVRF has the most communities of any CDQ group and has the largest number of village-based residents.
- CVRF's median household income based on 2000 census information is the lowest in the program. CVRF's unemployment rate is 20%.

**NSEDC:**NSEDC's 2003-2005 CDP Application:

- NSEDC's 2003-2005 CDP Application continues funding for both in-region projects and offshore investments. NSEDC's in-region activities include salmon rehabilitation and enhancement programs and providing markets for local fishermen in the halibut, crab, and salmon sectors.
- NSEDC's 2003-2005 CDP Application contains a good plan for transition from reliance on the CDQ program to self-sufficiency.
- NSEDC's offshore investments are performing well and its in-region investments are continuing to provide benefits to local residents.
- NSEDC's Education Endowment Fund is the largest in the CDQ program and provides funding for regional education, employment, and training programs.
- NSEDC's 2003-2005 CDP Application has plans to retrofit an existing vessel (Mr. B a.k.a. Glacier Bay) for use as a catcher processor for longline fishing. The vessel is expected to be in operation during 2002 and may also be used to harvest Pacific cod CDQ.
- NSEDC is working with one of its subsidiaries to prepare some of its crab

vessels to harvest sablefish CDQ in the Bering Sea and Aleutian Islands.

- NSEDC will be using a vessel with trawl gear to harvest the turbot CDQ working within strict bycatch limits established by NSEDC.
- NSEDC has established an outreach project to improve communications with region residents. NSEDC has provided local residents with an annual report that contains significant detail about the organization, including a consolidated balance sheet. NSEDC also maintains a detailed web site.
- NSEDC's board of directors had a role in the development of its CDP and pursued community input.

Other Significant Factors Considered:

- Contrary to NSEDC's claims, it is not the most successful group from a financial perspective, although it has shown steady growth. Nor, in the opinion of the state's team, does NSEDC offer more benefits to its residents than other large CDQ groups.
- NSEDC is incurring very high consultant fees and other administrative expenses.
- NSEDC has consistently failed to communicate effectively with the state oversight team. In at least two cases, NSEDC has failed to work with the state team to ensure that proposed projects were in compliance with program requirements. In each of these cases, the state believes that better communication between NSEDC management and the state team could have ensured that these projects complied with necessary legal requirements.
- NSEDC failed to obtain advance full board approval of its purchase of the Mr. B (secured ratification of NSIC action only).
- The funds provided by NSEDC to its member communities for their Community Benefit Share grants were not required by NSEDC to be spent on fisheries related projects. Based on the information provided in NSEDC's quarterly reports from 1999, 2000, and 2001, it is clear that NSEDC's communities have spent their Community Benefit Share grants on both fisheries and non-fisheries related projects. See Appendix 10. Per 50 C.F.R. 679.1(e), the state finds that NSEDC's Community Benefits Share project is not in compliance with the goals and purpose of the CDQ program.
- NSEDC's pollock CDQ royalties have been among the lowest in the CDQ program in 2000 and 2001.
- After taking into consideration all factors and comments, including the problems with program compliance, the state recommends a 1% reduction of NSEDC's pollock CDQ allocation.
- The state recommends a 3% increase in Aleutian Islands fixed gear sablefish CDQ allocation as NSEDC has been successful harvesting its quota in 2000 and 2001.
- The state recommends a 2% reduction in Bering Sea fixed gear sablefish CDQ allocation in response to NSEDC's difficulties in harvesting its quota in 2000 and

2001.

- NSEDC has been successful employing and training a high number of residents and has an employment and training coordinator located in-region. NSEDC has a strong scholarship program with many residents participating.
- NSEDC's outreach efforts include a website and annual report to the residents of its region.
- NSEDC's CEO and staff are very active in the region.
- NSEDC has very high consultant and legal fees. NSEDC's staff needs to be given greater authority for the day-to-day operations. NSEDC relies heavily on an Anchorage-based consultant, not listed on NSEDC's organizational chart, for strategic, governmental, and operational services.
- NSEDC spends a considerable amount of time and administrative expenses directed towards contesting government oversight of the CDQ program.
- NSEDC's board delegation of authority to NSIC for investment decisions violates the CDQ program standards.
- NSEDC has placed emphasis on developing a regional fishing presence in the Norton Sound.
- NSEDC has supported and been directly involved in local small-scale salmon and halibut fishing operations.
- NSEDC made a significant contribution to the Nome port project. NSEDC successfully constructed and currently operates a halibut and crab processing plant in Nome to process locally harvested halibut and crab, and includes retail operations.
- NSEDC has played a significant role in the development of a Nome and Unalakleet based halibut and crab fleet through its vessel loan program.
- The Savoonga halibut operations appear to be struggling due to other local employment opportunities.
- NSEDC has provided training and scholarship opportunities to region residents.
- With the exception of communications problems with the state, as noted above, NSEDC has an acceptable regulatory compliance record.
- NSEDC's population, including the City of Nome, is the largest in the CDQ program at approximately 32%.
- NSEDC's median household income based on 2000 census information is 2<sup>nd</sup> highest in the program.

#### **YDFDA:**

##### YDFDA's 2003-2005 CDP Application:

- YDFDA's 2003-2005 CDP Application contains plans to expand in the pollock, Pacific cod, and crab sectors.
- YDFDA has plans to expand its local salmon processing operations, which may involve investment in a salmon processing operation on the Yukon River.
- YDFDA will continue to maintain a sufficient cash reserve.

- YDFDA has established an outreach project to improve communications with region residents.
- YDFDA plans on maintaining its strong employment and training programs.
- YDFDA's board of directors had a role in the development of its CDP, and YDFDA has actively sought community input for the general development of its CDP.
- YDFDA plans to pursue the development of an in-region cultural-tourism camp
- YDFDA plans to further develop its aluminum boat repair facility
- YDFDA plans to explore the feasibility of developing other near-shore Yukon River fisheries, including Norton Sound king crab and halibut.

Other Significant Factors Considered:

- The state recommends a 6% increase in YDFDA's Bering Sea fixed gear sablefish CDQ allocation. YDFDA achieved a high rate of success in harvesting its Bering Sea sablefish quota using pots in 2002, and demonstrated a commitment in its 2003-2005 CDP to continue to use its 100% owned vessel, the Lisa Marie, as the primary harvester. The state recommends a 1% decrease in Aleutian Islands fixed gear sablefish CDQ allocation, as YDFDA has had difficulty harvesting that quota in 2000 and 2001.
- YDFDA is one of the poorest regions of the state with the highest per capita of younger population in the United States. YDFDA's median household income based on 2000 census information is the second lowest in the program, and YDFDA's region has one of the highest unemployment rates in the region.
- YDFDA's investment in its pollock partner and catcher vessels has provided significant returns.
- YDFDA is developing an integrated salmon plan to become the sole salmon buyer and processor in the lower Yukon river. So far the efforts are showing promise.
- YDFDA has achieved a majority of its milestones in the current CDP.
- YDFDA has strong scholarship, education, and training programs.
- YDFDA has been successful in its recruitment efforts to employ local residents with groundfish partners. YDFDA has an employment and training coordinator located in-region.
- YDFDA has a quarterly newsletter sent to each community.
- YDFDA's outreach efforts could be improved by developing a website.
- Executive director and staff are active in the region.
- Management and staff should be centralized in an office in Alaska. YDFDA is the only CDQ group with full-time staff outside of Alaska.
- YDFDA is slowly hiring necessary staff to meet growing organizational needs.
- YDFDA has an active board of directors. However, YDFDA could benefit from a more comprehensive vision for the future of the corporation.
- YDFDA had among the highest Pacific cod CDQ royalty rates in 2000 and 2001.

However, YDFDA had difficulty harvesting its Pacific cod CDQ in 2001 due to bycatch controls.

- YDFDA had the highest opilio CDQ royalty rate in 2000.
- YDFDA has taken the approach of moving residents through training programs directly into the fishing industry.
- YDFDA has provided funding for in-region development projects. YDFDA could provide more opportunities to increase local fishermen's ability to participate in nearby fisheries, which has been proposed in YDFDA's 2003-2005 CDP
- YDFDA has been successful in getting residents to utilize job opportunities made available through its groundfish industry and has provided excellent training opportunities to region residents.
- YDFDA has demonstrated knowledge of the fishing industry and an ability to negotiate with industry partners.
- YDFDA's Board of Directors appears to have oversight and involvement in maximizing the benefits of the CDQ program.
- YDFDA has an acceptable compliance record.
- YDFDA's overall population is the fourth largest in the CDQ program at approximately 12%.

**Bycatch Matrix Model:**

Using historical catch rates, associated bycatch species for each CDQ group were generated by the formula-based bycatch matrix model. Employing this methodology, the state team did not review or make direct allocation recommendations for non-target CDQ species.

**CONSISTENCY WITH PART 679**

Upon review of Part 679, the State has found the attached 2003-2005 CDP Applications meet the appropriate requirements. It is found that each CDP application contains the information required under 679.30(a) and has met the requirements of 679.30(b), (c) and (d). Upon review of other CDQ regulations in Part 679, the State confirms that the CDP applications meet other applicable requirements and that, if approved, the applicants have the ability to maintain compliance with the necessary requirements.



## **SUMMARY**

The attached individual CDP applications are well prepared by the CDQ groups and contain information that meets the requirements set forth in state regulations at 6 AAC 93. Generally speaking, CDQ groups are maturing as managing organizations and corporate entities and have done well with their quota allocations.

CDQ allocations have begun to make a difference in the local economies of western Alaska. Through 2001, cumulative CDQ revenues have reached over \$340 million. This money has been used for investments in various projects including fishing vessels, shoreside infrastructure, human resource training, boat & gear loans, student loans, scholarships and various employment programs. The expenditure of millions of dollars within CDQ regions has resulted in management opportunities for local staff, purchases of local goods and services, and increased employment opportunities for regional residents in both entry level and management positions in the groundfish industry.

The CDQ program has proven successful by giving hope to young people who otherwise have little to look forward to in their communities. That success is expected to grow as CDQ allocations continue to develop into a springboard for additional economic opportunities. Based on the conclusions presented in these findings, the state presents to NMFS the attached 2003-2005 Community Development Plan Applications and accompanying quota allocations and recommends approval in accordance with 50 CFR 679.30(d).

**Appendix 1**  
**State of Alaska 2003-2005 Allocation Recommendations**





Tony Knowles, Governor

## Department of Community and Economic Development

### Office of the Commissioner

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Larry Cotter, CEO  
APICDA  
234 Gold Street  
Juneau, AK 99801

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Cotter:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. APICDA will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.


After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to APICDA's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. A thorough management review of APICDA is required, and the addendum will require APICDA to agree to submit this review by December 1, 2002. The recommendations made in the management review will require a new project sheet in APICDA's 2003-2005 CDP Application. The state will review quarterly reports and annual audits to evaluate the progress made towards achieving the goals and recommendations of the review throughout the 2003-2005 CDQ cycle.
2. APICDA's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward APICDA's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,

  
Jeffrey W. Bush  
Deputy Commissioner

Attachment

cc: CDQ Team  
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
<b>Sablefish</b>	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch (POP)</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye Rockfish</b>	AI	22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	6 AAC 93.017(1), (2), (8), (9)  6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7

# 2003-2005 CDP Scorecard (continued) Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones.	5.7	6.7	8	6.3	7	7.3
			2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences.						
			3) Interviews with CDQ applicants.						
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones.	5	7	4.3	8	6.7	6.7
			2) Use of consultants to perform management duties & technical analysis.						
			3) Number of CDQ region residents employed in management positions.						
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets.						
			5) Analysis of staff & independent contractor compensation packages						
			6) Interviews with CDQ applicants.						
			1) Analysis of annual audited independent reports.	5	8	5.7	8.7	5.7	7.3
			2) Analysis of CDP investment guidelines and due diligence on investments.						
			3) Analysis of milestones in annual audited reports.						
			4) Analysis of proposed CDP and plans for CDP cycle.						
			5) Input from public concerning the goals and objectives of a proposed CDP.						
			6) Interviews with CDQ applicants.						

## Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

**Confidential Information Not Released**

**APICDA Scorecard Comments**



Tony Knowles, Governor

## Department of Community and Economic Development

### Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: [questions@dced.state.ak.us](mailto:questions@dced.state.ak.us) • Website: [www.dced.state.ak.us/](http://www.dced.state.ak.us/)

Robin Samuelsen, CEO  
BBEDC  
P.O. Box 1464  
Dillingham, AK 99576-1464

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Samuelsen:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. BBEDC will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

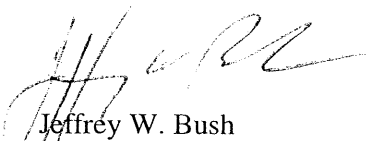
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to BBEDC's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. BBEDC's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward BBEDC's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,



Jeffrey W. Bush  
Deputy Commissioner

Attachment

cc: CDQ Team  
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
<b>Sablefish</b>	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch (POP)</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye Rockfish</b>	AI	22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	<p>Achievement of CDP and program milestones &amp; objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones.</p> <p>Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.</p>	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	<p>6 AAC 93.017(1), (2), (8), (9)</p> <p>6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)</p>	<p>Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.</p>	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7



# 2003-2005 CDP Scorecard (continued) Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	AP/CDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

## Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

**Confidential Information Not Released**

**BBEDC Scorecard Comments**



Tony Knowles, Governor

## Department of Community and Economic Development

### Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: [questions@dced.state.ak.us](mailto:questions@dced.state.ak.us) • Website: [www.dced.state.ak.us/](http://www.dced.state.ak.us/)

Phillip Lestenkof, President  
CBSFA  
P.O. Box 288  
St. Paul, AK 99660-0288

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Lestenkof:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. CBSFA will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

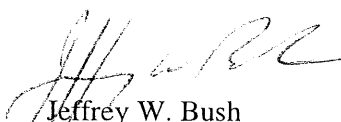
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to CBSFA's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. CBSFA's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward CBSFA's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,



Jeffrey W. Bush  
Deputy Commissioner

Attachment

cc: CDQ Team  
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
<b>Sablefish</b>	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch (POP)</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye Rockfish</b>	AI	22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	6 AAC 93.017(1), (2), (8), (9)  6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7

# 2003-2005 CDP Scorecard (continued)

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

### Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

**Confidential Information Not Released**

**CBSFA Scorecard Comments**



Tony Knowles, Governor

## Department of Community and Economic Development

### Office of the Commissioner

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: [questions@dced.state.ak.us](mailto:questions@dced.state.ak.us) • Website: [www.dced.state.ak.us/](http://www.dced.state.ak.us/)

Morgen Crow, Executive Director  
CVRF  
711 H Street, Suite 200  
Anchorage, AK 99501-3461

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Crow:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. CVRF will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

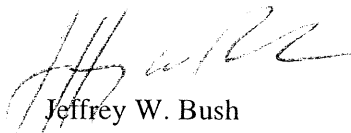
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to CVRF's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. CVRF's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward CVRF's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,



Jeffrey W. Bush  
Deputy Commissioner

Attachment

cc: CDQ Team  
NMFS



State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
<b>Sablefish</b>	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch (POP)</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye Rockfish</b>	AI	22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	6 AAC 93.017(1), (2), (8), (9)  6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7

# 2003-2005 CDP Scorecard (continued)

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

### Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

**Confidential Information Not Released**

**CVRF Scorecard Comments**



Tony Knowles, Governor

**Office of the Commissioner**

P.O. Box 110800, Juneau, AK 99811-0800

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Email: questions@dced.state.ak.us • Website: www.dced.state.ak.us/

Eugene Asicksik, President & CEO

September 9, 2002

NSEDC

420 L Street, Suite 200

Anchorage, AK 99501-3461

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Asicksik:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. NSEDC will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

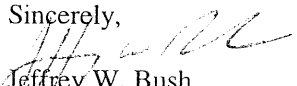
After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to NSEDC's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. NSEDC's 2003-2005 CDP Application will be revised to include the specific details of the Mr. B (aka Glacier Bay) purchase including revisions to NSEDC's budget, fish plan, and corporate organization chart. The state will also require a new project sheet, current financial statements for Mr. B, vessel survey, and a copy of all agreements, contracts, and articles of incorporation.
2. NSEDC will require communities who receive community benefit share grants to audit the projects to ensure funds are used for fisheries related purposes. NSEDC will be required to provide the state with a copy of the audits on an annual basis. The state will review quarterly reports and annual audits to evaluate the community benefit share grants throughout the 2003-2005 CDQ cycle.
3. NSEDC's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward NSEDC's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,

  
Jeffrey W. Bush

Deputy Commissioner

cc: CDQ Team  
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
<b>Sablefish</b>	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch (POP)</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye Rockfish</b>	AI	22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<hr/>								
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<hr/>								
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7

# 2003-2005 CDP Scorecard (continued)

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSDC	YFDA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

### Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.



**Confidential Information Not Released**

**NSEDC Scorecard Comments**



**Office of the Commissioner**

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Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

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Ragnar Alstrom, Executive Director  
YDFDA  
301 Calista Court, Suite C  
Anchorage, AK 99518-3028

September 9, 2002

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Alstrom:

Please see the attached table and scorecard regarding the state's 2003-2005 CDQ allocation recommendations. YDFDA will have the opportunity to provide comments regarding the state's allocation recommendations through September 16, 2002.

After consultation with the North Pacific Fishery Management Council (NPFMC), the state will be sending a letter requiring revisions to YDFDA's 2003-2005 CDP Application in an addendum to the state's allocation recommendations. The revisions will include the following:

1. YDFDA's 2003-2005 CDP Application will be revised to represent the state's 2003-2005 CDQ allocation recommendations as represented in the attached table.

Upon completion of the above revisions, the state will forward YDFDA's 2003-2005 CDP Application to the National Marine Fisheries Service (NMFS) along with its findings and rationale for the recommendations by October 15, 2002 as required by 6 AAC 93.045 and 50 C.F.R. 679.30(d).

If you have any questions please call me or Greg Cashen at 465-5536.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey W. Bush".

Jeffrey W. Bush  
Deputy Commissioner

Attachment

cc: CDQ Team  
NMFS

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>								
	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
<b>Sablefish</b>	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch (POP)</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye Rockfish AI</b>		22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	6 AAC 93.017(1), (2), (8), (9) 6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7

# 2003-2005 CDP Scorecard (continued)

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDP cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDP. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDP cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

### Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

**Confidential Information Not Released**

**YDFDA Scorecard Comments**

**Confidential Information Not Released**

**Letter from State of Alaska to APICDA  
October 8, 2002  
Regarding APICDA Management Review**



Tony Knowles, Governor

**Office of the Commissioner**

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September 24, 2002

David Benton, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

RE: State of Alaska Response to Comments

Dear Mr. Chairman:

In order to provide more insight into the state's CDQ allocation process, a scorecard was issued to each CDQ group with numerical scores in categories constructed around evaluation criteria in state regulations. However, because of the differing characteristics of each group, individual categories were weighted separately and cumulative scores were not issued. Each group also received attached comments with more details about the scores.

As in prior allocation decisions, the state used a bycatch model to determine the non-primary target species allocations. The calculations used for the 2003-2005 CDP cycle were based on individual CDQ groups harvest rates for the period 1998-2001.

The State of Alaska provided a 10-day period for CDQ groups to comment on the state's 2003-2005 CDQ allocation recommendations. The state received comments from all six groups, as well as additional comments from the St. George Tanaq Corporation and City of St. George. Copies of all comments received are enclosed. The state's response to these comments is as follows.

**APICDA**

APICDA comments that they "found the scorecard very confusing, and in some cases contradictory." While the state admits the scorecard is not perfect, the state compiled the scorecard in an attempt to give the CDQ groups more transparency in the allocation process at the request of the CDQ groups through the CDQ Policy Committee created by the Council. Even APICDA concedes that the scorecard provided the board and management with "meaningful insight" into the state team's perspective on the groups.

The state recommends a reduction of 1% Pacific cod CDQ allocation, as APICDA failed to harvest all their quota in 2000 and 2001 and had the lowest royalty rate among the CDQ groups in 2000. APICDA plans to deliver Pacific cod CDQ to Bering Pacific Seafoods in False Pass, but there were no specific royalty rates provided.

APICDA argues that their Pacific cod CDQ allocation should not be reduced, as other groups did not harvest their entire Pacific cod CDQ allocation in 2000 and 2001. However, in making this



recommendation the state took into consideration harvest statistics, royalty rates, as well as the employment and training benefits that were provided by the vessels that harvest Pacific cod CDQ.

The state recommends a reduction of 2% of APICDA's opilio crab CDQ in response to the lowest royalty rate among the CDQ groups in 2000 and 2001, and APICDA's difficulty in managing their allocations in 1999, 2000, and 2001, as evidenced by their quota overages for three consecutive years. The state also recommends a reduction of 1% of APICDA's Bristol Bay red king crab CDQ in response to significantly lower royalty rates compared with other CDQ groups in 2000 and 2001.

In APICDA's comments, they request an increase in their opilio crab and Bristol Bay red king crab allocations as they feel a reduction will affect the feasibility of the proposed St. George processing facility and will make it more difficult to develop a positive business plan. APICDA also states that they do not believe that their low royalty rate for opilio crab and Bristol Bay red king crab or the fact that they exceeded their opilio crab allocation three years in a row warrants a reduction in their allocation. Although APICDA states they should receive an increase in their crab allocation due to the proposed St. George processing facility, it remains to be seen if the plan will result in a profitable processing facility proposal, due to the high costs of building an onshore facility in St. George. The feasibility study and pro forma presented to the state showed the project would barely be profitable under the most optimistic of projections, including a significant increase in the Bering Sea opilio crab GHL. If a profitable plan can be developed and implementation begun during this allocation cycle, that can and should be taken into consideration during the next round of allocations. Further, APICDA's 2003-2005 CDP contains no specific future vessel acquisition plans into the opilio crab or Bristol Bay red king crab sectors. The state adjusted APICDA's opilio crab and Bristol Bay red king crab allocations after taking into consideration all of the above.

The state is recommending a 5% increase in APICDA's area 4C halibut CDQ allocation in response to St. George fishermen who have demonstrated more need for halibut CDQ quota in area 4C. The 5% increase, from 10% to 15% of 4C halibut CDQ, equates to approximately 150,000 lbs. over the 2003-2005 allocation cycle, which if harvested will provide significant, direct, and immediate benefits to St. George fishermen and the local economy.

APICDA states they have been successful in harvesting their Bering Sea fixed gear sablefish in 2001 and 2002 and requests an increase in their Bering Sea fixed gear sablefish CDQ allocation. While the state would offer a different characterization, no reductions in APICDA's 2003-2005 Bering Sea fixed gear sablefish CDQ allocation are being recommended. The state did, however, recommend a 1% reduction in Aleutian Islands fixed gear sablefish CDQ as APICDA has had difficulty harvesting their allocation in 2000 and 2001. APICDA harvested 23% of their Aleutian Islands fixed gear sablefish CDQ allocation in 2000 and 7% in 2001.

APICDA requested their Bering Sea other red rockfish and Aleutian Islands other rockfish remain unchanged from the previous allocation cycle. The state did not recommend reductions in these two bycatch species; adjustments in all bycatch species were the result of the state's bycatch matrix.

In general, APICDA scored low on several scorecard categories. In their comments, other groups have questioned the link between the scorecards and allocations. As noted in prior testimony before the Council, there is no direct link between the scorecards and allocations, though the scorecards serve as a tool to help the state and the groups identify and recognize problems and issues affecting each group. However, it should be noted that because of the low scores, there

was much debate among the state team concerning whether or not to recommend that APICDA have its pollock CDQ allocation reduced, and certainly other allocation recommendations for APICDA were influenced by the overall poor scores. Nonetheless, it was felt that a reduction in pollock CDQ allocation to APICDA would not be recommended in order to permit the group to address the problems identified. To that end, the state is requiring APICDA to administer, through a qualified independent third party, a thorough management review of the organization to address concerns that were brought to the attention of the state in the 2000 and 2001 annual audits.

### **BBEDC**

BBEDC did not agree with some of their scores, particularly in the Community Regional and Statewide Benefits and Community Outreach and Involvement categories. However, overall they felt the state did a credible job in evaluating the strengths and weaknesses of their organization. BBEDC will be taking into account the scorecard results and will be addressing these areas in the future.

The state recommends an increase of 1% of BBEDC's Pacific cod CDQ allocation, primarily for their successful harvesting rate and attaining the highest royalty rates of the CDQ groups in 2000. BBEDC has a 50% equity interest in the Bristol Leader, which has one of the more impressive performance records among freezer longliners in terms of harvesting efficiency. BBEDC's 2003-2005 CDP addresses future vessel acquisition plans in the Pacific cod sector.

The state recommends a 1% increase of opilio crab and Bristol Bay Red king crab for BBEDC in response to the organization's commitment to harvesting crab, as evidenced by their 40 – 45% ownership interest in four Bering Sea crab catcher vessels and their CDQ royalties during 2000 and 2001.

The state recommends a 1% reduction of BBEDC's Aleutian Islands fixed gear sablefish CDQ allocation and a 2% reduction of BBEDC's Bering Sea fixed gear sablefish CDQ allocation in response to BBEDC's harvest rates in 2000 and 2001.

### **CBSFA**

CBSFA submitted a resolution supporting the state's allocation recommendations. They did not have any substantive comments requiring response.

The state recommends an increase of 1% to CBSFA's pollock CDQ allocation primarily based on the strength of their plan to develop a multi-processing facility in St. Paul. Along with another CDQ group, CBSFA had among the highest pollock CDQ royalty rates in 2000 and 2001. The investment in American Seafoods has produced significant investment returns since the investment was made in 2000. Furthermore, CBSFA has had significant reductions in its pollock CDQ allocation in past allocation cycles, and the team felt an adjustment was appropriate in light of the group's current, more positive, condition.

The state recommends a 1% reduction of CBSFA's Pacific cod CDQ allocation in response to CBSFA's difficulty in harvesting their quota in 2000, although the harvest rates improved in 2001. CBSFA also had the lowest Pacific cod royalty rate among the CDQ groups in 2000.

The state recommends a 1% increase in CBSFA's opilio crab CDQ, primarily in response to their plan for utilizing the quota in the 2003-2005 allocation cycle. CBSFA's Multi-species project in

their 2003-2005 CDP shows promise and with crab rationalization, significant benefits could be delivered to the City of St. Paul through local employment opportunities and an increase in tax revenues.

The state recommends a 3% increase in Aleutian Islands sablefish CDQ quota. Prior to the 2003-2005 cycle, CBSFA has had no quota allocations in this species.

The state recommends a 2% decrease in CBSFA's Bering Sea sablefish CDQ allocation as they have had difficulty harvesting their allocation in 2000 and 2001.

The state recommends a 5% reduction in CBSFA's area 4C halibut CDQ allocation, from 90% to 85%, to accommodate a 5% shift to St. George fishermen.

### CVRF

CVRF states in their comments they feel the scorecard resulted in "more questions than clarity and the connection of the scores and rankings to the quota allocations were nebulous." CVRF commented they appreciated "the recognition of their perceived strong points," but that they did not agree with their perceived low scores in the areas of Community, Regional and Statewide Benefits and Community Outreach and Involvement.

CVRF argues that their 27% pollock CDQ allocation request was justified based on their financial performance and economic needs in their region. However, CVRF already receives the most pollock CDQ quota among the groups, and if the state's 2003-2005 recommendations are adopted, the margin between CVRF and the other groups will increase.

The state recommends a 1% increase in CVRF's Pacific cod CDQ allocation, as they have been successful harvesting their quota in 2000 and 2001 and their royalties have ranked close to or above average in 2000 and 2001. CVRF also has significant ownership interests in the Prowler vessels as well as Pacific Longline Company through their American Seafoods investment. CVRF's 2003-2005 CDP addresses future acquisition plans in the Pacific cod sector.

The state recommends a 3% decrease in CVRF's Aleutian Islands sablefish CDQ allocation consistent with their 2003-2005 CDP, in which they only requested an allocation of 27%.

CVRF believes the reduction in Aleutian Islands Other Rockfish was an error and it will negatively affect their Aleutian Islands sablefish fishery harvest efforts. The state did not recommend reductions in this bycatch species; the adjustments in all bycatch species were the result of the state's bycatch matrix.

### NSEDC

NSEDC states in their comments that, "the state made a number of errors in the scorecard and its allocation process," including "factual and judgmental errors in the scoring of elements used for allocation," and "the state used as the basis for allocation elements" which were "not authorized in regulation or statute." NSEDC states that if the state would have based its allocation decisions on "NSEDC's population and demographics, its financial performance and the quality and quantity of the benefits to its communities, NSEDC would have received higher allocations." The state disagrees.

Contrary to NSEDC's claim, they are not the most successful group from a financial perspective, although they have shown steady growth. Nor, in the opinion of the state's team, does NSEDC offer more benefits to its residents than other larger CDQ groups. However, there is no question that NSEDC is incurring very high consultant fees and other administrative expenses.

NSEDC argues that the state used invalid criteria in making its allocation recommendations, including the fact that NSEDC has consistently failed to communicate effectively with the state oversight team. However, that criticism was based on at least two incidents where NSEDC failed to work with the state team to ensure that proposed projects were in compliance with program requirements. In fact, NSEDC's failure to get advance full board approval of its purchase of the Mr. B (obtained ratification of NSIC action only), and its repeated failure to ensure that its community benefits distributions are used for fishery-related projects as required by federal regulation, arguably represent program violations justifying allocation suspension. In each of these cases, the state believes that better communication between NSEDC management and the state team could have ensured that these projects complied with necessary legal requirements.

Nevertheless, although suspension of quota was considered, the state team decided that it was better at this time to identify these specific problems and allow NSEDC an opportunity to correct them. The state feels confident that, provided NSEDC accepts that state oversight is a necessary, though distasteful, part of this program, then its management will communicate more effectively to prevent potential program violations in the future.

The state recommends a decrease of 1% to NSEDC's pollock CDQ allocation as they have had among the lowest royalty rates in 2000 and 2001.

The state recommends a 3% increase in NSEDC's Aleutian Islands fixed gear sablefish CDQ allocation as they have been successful in harvesting their quota in 2000 and 2001.

The state recommends a 2% decrease in NSEDC's Bering Sea fixed gear sablefish CDQ allocation in response to difficulties in harvesting the quota in 2000 and 2001.

#### **YDFDA**

YDFDA's only substantive comment was a request for further explanation of the relationship between scorecard scores and allocations. As discussed previously, there is no direct link; scorecard scores and comments are designed as a tool to identify concerns and issues for both the state team and the groups.

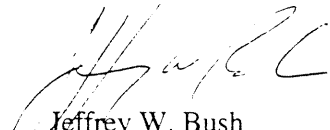
The state recommends a 1% decrease in YDFDA's Aleutian Islands fixed gear sablefish CDQ allocation, as they have had difficulty harvesting their quota in 2000 and 2001. The state recommends a 6% increase in YDFDA's Bering Sea fixed gear sablefish CDQ allocation. YDFDA achieved a high rate of success in harvesting their quota using pots in 2002, and demonstrated a commitment in their 2003-2005 CDP to continuing to use their 100% owned vessel, the Lisa Marie, as the primary harvester.

Many factors are carefully considered during the allocation process. Criteria in state and federal regulations are followed in conjunction with input from a public hearing and private interviews with CDQ groups. The state attempted to provide the groups with more transparency in the allocation process through a lengthening of the private meetings and the use of the scorecard. In

making these recommendations, the state has also taken into consideration all comments received from the groups and others regarding the state's 2003-2005 CDQ allocation recommendations.

I look forward to consulting with the Council regarding these allocation recommendations at the October meeting.

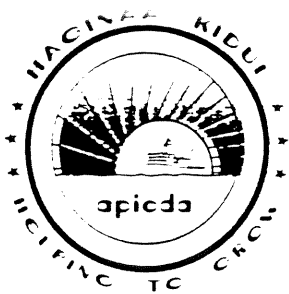
Sincerely,



Jeffrey W. Bush  
Deputy Commissioner

Attachments

cc: Governor Knowles  
NPFMC members  
Chris Oliver, Executive Director, NPFMC  
Commissioner Frank Rue, Alaska Department of Fish & Game  
NMFS  
CDQ Groups  
CDQ Team

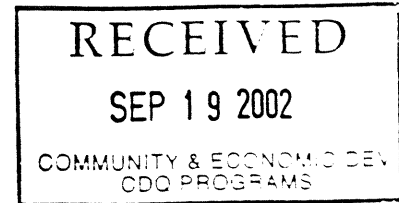


# Aleutian Pribilof Island Community Development Association

□ 234 Gold St. • Juneau, Alaska 99801 • (907) 586-0161 • 1-888-9APICDA • Fax (907) 586-0165  
□ Unalaska Office, P.O. Box 208 • Unalaska, Alaska 99885 • (907) 581-5960 • Fax (907) 581-5963

September 19, 2002

Mr. Jeff Bush, Deputy Commissioner  
Alaska Dept. of Community and Economic Development  
P.O. Box 110800  
Juneau, Alaska 99811-0800



Re: Comments of State CDQ Allocation Recommendations

Dear Mr. Bush:

Thank you for this opportunity to comment on the State of Alaska's CDQ allocation recommendations for the time period 2003-2005. For the record, these comments have been approved by all of the APICDA board of directors, with the exceptions of Mr. Rick Lauber who is traveling internationally, and Mr. Pete Crandall, who is on a business trip.

Our comments are arranged as follows: state cover letter comments; scorecard comments; and allocation comments.

## State Cover Letter Comments

1.) Management Review: We look forward to a management review, and trust the state will provide guidance so we can properly arrange it. Additionally, we need to know if we should focus the review team on anything that is not apparent in the written record pertaining to the allocation process.

2.) Revision to CDP: We will submit a modified CDP as requested.

## Score Card Comments

We found the scorecard to be very confusing and, in some cases, contradictory. Nevertheless, it does provide our board and management with meaningful insight into the CDQ team's perspective of APICDA and the other groups. We are very concerned about some of the team's comments, and feel they are incorrect, but we will address them on a case by case with the team individually.

APICDA. A letter from the board that addresses this issue is attached. It is clear that a great chasm exists between the state's perception of how APICDA functions, and reality.

### **Allocation Comments**

1.) Opilio and Bristol Bay Red King Crab: We believe the state is making a serious error by proposing to reduce APICDA's opilio and Bristol Bay red king crab allocations. St. George Island has been declared a federal disaster due to the collapse of the crab stocks and the attendant impact upon its economy. The City of St. George is unable to pay its bills because there is no tax revenue. The only source of tax revenue is from commercial fishing, crab in particular. There has been no processing in St. George since April of 2000.

The proposed plant in St. George would be a joint venture between APICDA and one or more major Bering Sea crab processing companies. The experience of the crab processing companies will be utilized in the design and management of the company and the plant. Without the concurrence of these companies as partners and/or participants, construction of a facility will not move forward. Their judgement as to the viability of a facility is paramount. The state should recognize the expertise of these companies in this regard. Failing to provide APICDA with an increase in our crab allocations, much less a reduction, simply makes it much more difficult for APICDA to positively participate in ongoing negotiations.

The state's initial allocation of crab to APICDA does not appear to comport with St. George Islands proximity to the resource. This criteria was adopted by the NPFMC as a specific criteria at its June meeting. In addition, Mr. Bush, in a letter to APICDA in August, 2002, announcing the use of the state's scorecard, specifically said "proximity to the resource" would be applied as a criteria.

During the private meeting with the state, we presented a document purporting to be a feasibility analysis for a plant in St. George. As we mentioned at the time, this was a very preliminary analysis that should not be relied upon for any reason other than to see the extent to which volumes of crab had an impact upon a processing facility. The analysis only contained one species, was incomplete in terms of costs, did not take into account the value of secondary processed products (scored claws, etc.) that can be processed in a rationalized fishery, and had not been vetted in-house or through our potential private sector partners. We provided the document in an effort to show that we would move forward with the proposed plant in St. George in a much more deliberative and analytical manner than we had done in False Pass. Apparently, the effect was quite the opposite of what we intended. As a result, we erred in providing the state with the document.

We request the CDQ Team not penalize APICDA for that document. Rather, we ask you to focus on the current situation in St. George and the potential for the community if a processing facility can be constructed. We are working jointly with two very respected processing companies with years of experience in the Bering Sea crab industry. We will not construct a

processing plant if our ROI is projected to be 1.5%, nor would our proposed partners invest in such a facility.

APICDA has always been willing to work with CBSFA. A processing facility in St. Paul does little, if anything, for St. George. We refer you to the attached letters from the City of St. George and the St. George Tanaq Corporation.

Crab royalties are paid by the harvesting vessel and its crew. In determining royalty rates we pay attention to the value of the resource, the condition of the resource, the status of the industry, the needs of our facilities and vessels (when we are harvesting and/or processing CDQ by or with APICDA wholly-owned assets), and the impact of the royalty upon the long-term relationship with our harvesting and processing partners. We do not believe the difference between our royalty rate and the rates of other groups warrants a reduction in our crab CDQ allocation.

Many groups have exceeded their CDQ allocations at different times. Historically, APICDA has exceeded its allocations a total of six times in all fisheries. We reported overages in the opilio fishery during the three years mentioned – two of which occurred prior to the current allocation cycle. The overages were 0.26% in 1999, 0.1% in 2000, and 0.8% in 2001. We paid our fines, and did not exceed the allocation in 2002. This does not seem to be an appropriate reason to reduce our allocation.

We request the state provide an increase in our opilio and Bristol Bay red king crab CDQ allocations.

2.) Bering Sea Sablefish: Several years ago when APICDA and YDFDA were joint investors in the F/LL Rebecca B, both CDQ groups began to focus on the use of longline pots in the Bering Sea for the harvest of sablefish. Both YDFDA and APICDA purchased longline pots over the years. Apparently both groups have made significant progress in developing this fishery.

In 2001, APICDA harvested 84% of its Bering Sea sablefish fixed gear CDQ allocation (43,192 pounds harvested) using longline pots. In the same year, YDFDA harvested 36% of its Bering Sea sablefish fixed gear CDQ allocation (30,629 pounds harvested, according to YDFDA's fourth quarter, 2001, quarterly report).

In 2002, using a vessel owned 100% by AVI (the F/V Konrad 1), APICDA harvested 100% of its Bering Sea fixed gear CDQ. In addition, the Konrad 1 harvested half of its Bering Sea trawl sablefish CDQ (the remaining amount, six mt, is set aside for bycatch in trawl fisheries), and has continued harvesting IFQ Bering Sea sablefish owned by AJV. The total Bering Sea harvest in 2002 by the Konrad 1 is currently 109,822 pounds, with fishing continuing. The entire harvest has been with longline pots, a fishery that **BOTH** YDFDA and APICDA have pioneered.



YDFDA received an increase in their Bering Sea sablefish allocation of six percent. APICDA had no change.

As explained during the state meeting, CDQ sablefish is an important species for Bering Pacific Seafoods. Sablefish is a high value species, with good margins. It is APICDA's intent to expand our Bering Sea sablefish harvest in the future using our own vessels, with deliveries to BPS. This CDQ would be of great benefit to both the Konrad 1 and the Bering Pacific Seafoods facility.

We request the state provide an increase in our Bering Sea sablefish CDQ allocation.

3.) Pacific Cod: The state's initial recommendation is to reduce our Pacific cod allocation from 16% to 15%. The state similarly reduced CBSFA by one percent, and increased BBEDC and CVRF by one percent each. Apparently, the justifications (found in the scorecard comments) are that APICDA did not harvest all of its cod CDQ in 2000 and 2001, and had the lowest royalty rate among the groups in 2000 – the last year of the previous allocation cycle.

Several groups failed to harvest all of their Pacific cod CDQ in 2000 and 2001. In fact, BBEDC and NSEDC appear to be the only groups that managed to harvest their cod CDQ in 2001. In both years, sea lion related issues contributed to the difficulty for most of the groups in harvesting their cod. The RPAs in effect at the time resulted in substantially lower trawl cod catches in the first half of the year, in turn providing significant TAC rollovers to fixed gear in the fall. As a result, most CDQ fishing occurred later in the year and time ran out. That is not the case for 2002.

As near as we can tell from fourth quarter, 2001, reports, YDFDA left 713 mt of cod CDQ unharvested, APICDA left 414 mt unharvested, and CVRF left 204 mt (we could not identify the amount left by CBSFA). It seems inconsistent to reduce APICDA's CDQ allocation by one percent, transfer it to another CDQ group that also had a significant amount remaining, yet not to reduce the allocation for a third CDQ group that left more CDQ cod on the table than APICDA and CVRF combined.

On May 24, 2002, APICDA sent a letter to the state addressing royalty issues. Since APICDA and CVRF have the same royalty agreements, it is befuddling why our respective royalties are different. There are issues raised in the May 24 letter that may provide a partial explanation. We request our previous allocation of 16%.

4.) Bering Sea Other Red Rockfish: The state reduced APICDA's allocation from 23% to 18%. This will affect our ability to harvest cod and pollock. We assume the reduction is a result of the bycatch model used by the state. We have not had the opportunity to review the model, but believe it is in error in this area. We request our previous allocation of 23%.

5.) Aleutian Islands Other Rockfish: The state reduced APICDA's allocation from 23% to 21%. This will likely affect our ability to harvest Atka mackerel. We are already experiencing a shortfall of other rockfish in our mackerel fishery this year, and have had similar experiences in the past. We assume the reduction is a result of the bycatch model used by the state. We have not had the opportunity to review the model, but believe it is in error in this area. We request our previous allocation of 23%.

Again, we thank you for the opportunity to provide these comments. If you have any questions, please contact us.

Sincerely,

  
Larry Cotter, CEO

Cc: APICDA Board of Directors

Attachments: Board of Directors Letter  
City of St. George Letter  
Tanaq Corporation Letter

St. George Office:



P.O. Box 929

St. George, Alaska 99591-0929

Tel: (907) 859-2263

Fax: (907) 859-2212

September 15, 2002

Jeff Bush, Deputy Commissioner  
DCED  
State of Alaska  
PO Box 110800  
Juneau, Alaska 99811-0801

Re: APICDA 2003-2005 CDQ Allocations

Dear Deputy Commissioner Bush,

The City of St. George totally disagrees with the recent decisions by the CDQ review team with regards to APICDA.

One of the cornerstones of the Community Development Program has been the mandate to develop sustainable local economies. We believe that APICDA has done an outstanding job with investment in the local communities of APICDA. APICDA's past multimillion-dollar investments in the St. George Harbor was to build the local economy and community infrastructure. That commitment to investment locally in St. George has allowed the St. George Harbor to operate more efficiently and has allowed us to seek private sector investment in a shore based processing plant that would operate virtually year around. The St. George Harbor, like all APICDA's communities, is not frozen in 9 month's of the year like virtually all of the western Alaska CDQ communities where shore based investment are suspect at best. Without APICDA's involvement the development of a shore side processing plant would be virtually impossible by the local entities.

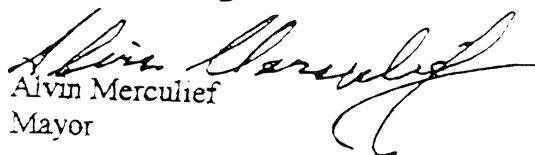
The CDQ review team suggests that APICDA work with St. Paul on a shore based processing plant. Quite frankly the politics of St. Paul make that suggestion laughable and impossible. We are aware of 2 competing processing plant concepts in St. Paul -the Tribal Government/TDX Group and CBSFA at the alter with no partner, no land which to develop a plant and the recent spring of 2002 endorsement by CBSFA of the Tribal Govt./TDX plant that was then retracted. The City of St. Paul lawsuit over land and tidelands against TDX has put a cloud over all land transactions and development that are adjacent to the harbor. That lawsuit has been going on for years and apparently is going to be appealed to the 9 Circuit Court of Appeals with no end in sight.

The State's recommendation is viewed with incredulity by the St. George leadership. We view it as an insult to our community and reminds us of the dark days of the Federal Government's policy of termination of the St. George Community when families were forcibly evicted from their homes and moved from the island —, their homes were then bulldozed and burned to the ground. It seems that The State of Alaska has made a decision that APICDA's investment's in St. George are not warranted and should not proceed at all, that APICDA should instead invest offshore and in other communities that are not a part of APICDA's group. -The State of Alaska seems to be advocating a policy for St. George that the \$40 million in Local, Federal and State investment in our harbor, our successful participation in the Opilio Crab Fishery, the Raw Fish Tax generated to the State of Alaska and the job creation to tell the St. George Community should be ignored. We suggest that you look at the title to your own department "Community and Economic Development" and we wonder if you are fostering those beliefs.

APICDA recently completed a preliminary feasibility analysis of a shore-based plant in St. George. That analysis is the first step in a process we believe will culminate in a shore based plant being built in St. George. APICDA came under criticism over the False Pass investment and APICDA's management was doing due diligence by commissioning the feasibility study of the St. George Processing Plant. We are aware of two potential investor's outside of APICDA, who are interested in the St. George Plant, they obviously will not sink their dollars into a losing proposition. We are miles ahead of the schemes and dreams of St. Paul and have been highly regarded as the place to do business in the Pribilofs because of our reputation as a low cost producer and a favorable business climate.

To summarize we ask that you review your recent decisions and increase the crab CDQ allocation to APICDA. That allocation is critical to the future of our community. If I can be of further assistance please do not hesitate to contact me.

Best Regards,  
City of St. George

  
Alvin Merculief  
Mayor

Cc: City Council  
St. George Fisherman's Association  
St. George Tanaq Corp.  
St. George Traditional

# ST. GEORGE TANAQ CORPORATION

P.O. Box 939  
ST. GEORGE ISLAND • ALASKA • 99591-0939  
(907) 859-2255 or 859-2256  
Fax: (907) 859-2230

2600 Denali Street, Suite 300  
ANCHORAGE • ALASKA • 99503  
(907) 272-9862  
Fax: (907) 272-9855

September 13, 2002

Mr. Jeffery W. Bush  
Deputy Commissioner  
State of Alaska  
Department of Community and Economic Development  
PO Box 110800  
Juneau, Alaska 99811-0800

Via Fax and First  
Class Mail

Dear Mr. Bush:

We are in receipt of the State of Alaska DCED's recent evaluation of APICDA and would like to express our dismay and concern about the direction your department is taking with regard to APICDA and the future of the St. George community.

We are currently involved in very sensitive discussions with established processing companies that are interested in constructing a small scale multi-species plant at St. George, and we were, quite frankly, taken aback by the State's decision to reduce APICDA's Opilio and Red King crab allocations. Such an action, taken at a time when the St. George community needs the State's support the most, is incomprehensible. For your information, we are diligently working towards construction of a plant at St. George commencing in FY2003. The reduction of APICDA's allocation will make this goal that much harder for us to accomplish.

To be direct, it's our understanding that the CDQ program was established by the North Pacific Fishery Management Council to support the attainment of economic self-sufficiency for coastal communities. Reducing APICDA's allocation sends a clear message that the State does not have a reasonable understanding of the development work that has been undertaken at St. George, nor does your CDQ team appear to have even a remote understanding of the economic realities of life in the St. George community. Perhaps that's because the CDQ team has spent so little time at St. George, or even in Anchorage, interacting with community leaders.

The comments made by the CDQ team as they relate to the community of St. George are illuminating by their lack of perspective. To wit, "[APICDA] need(s) to be realistic in considering the feasibility of various projects (eq. St. George)" and the "St. George project needs to be coordinated with St. Paul with consideration to joining CBSFA in their multi-species processing project." Please consider these comments for a moment. You may recall that there are 40 miles of rough Bering Sea waters between St. George and St. Paul. What is the State's desire? Help the community to be self-sufficient or have everyone at St. George simply pack their bags and move to St. Paul to

Mr. Jeffery Bush  
September 10, 2002  
Page -2-

work in CDSFA's processing plant. We submit to you that having only one processing facility in the Pribilofs, located at St. Paul, is an absurd premise and one with dire consequences for the people of St. George.

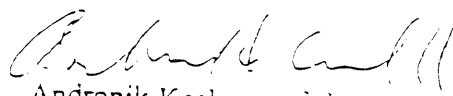
We'd like to set the record straight. APICDA's various investments in St. George have been made in good faith for the long term benefit of the community. To suggest otherwise is a great disservice to all of us who have worked so hard, for so long, to develop the St. George economy. While others have withdrawn, APICDA has continued to support us. This, in our opinion, is why the CDQ program was established. To make the long-term capital investments, and to provide the technical and political assistance, necessary to help our community attain self-determination. APICDA's support has been a godsend.

It's ironic that the primary economic goal of the St. George community has been to promote construction of a multi-species processing facility at Zapadni Bay with APICDA's kind assistance, yet the CDQ team is telling the State of Alaska and APICDA not to build a plant at St. George. Certainly you can see the conundrum. We have industry partners lined up to invest in St. George and the State's actions threaten to undermine all that we have worked to achieve.

We would like to provide you with our perspective on the position the CDQ team is taking on our behalf, yet without our input, and would like to meet with you at your soonest possible convenience to discuss this matter in greater detail.

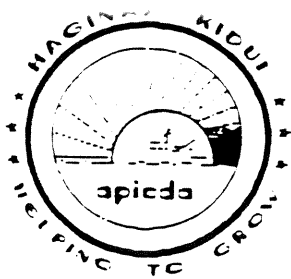
Very truly yours,

St. George Tanaq Corporation



Andronik Kashevarof, Jr.  
Vice President of Operations

bc



# Aleutian Pribilof Island Community Development Association

234 Gold St. • Juneau, Alaska 99801 • (907) 586-0161 • 1-888-9APICDA • Fax (907) 586-0166  
— Unalaska Office: P.O. Box 208 • Unalaska, Alaska 99685 • (907) 581-5960 • Fax (907) 581-5963

September 16, 2002

Mr. Jeff Bush  
Deputy Commissioner  
Alaska Department of Community &  
Economic Development  
Post Office Box 100800  
Juneau, Alaska 99811-0800

Dear Mr. Bush:

This letter is in response to you scorecard comment, "Concern of our lack of participation by in-region Board of Directors in the strategic direction of the Organization. Juneau based consultants and Non-CDQ resident Board Members are primary forces within the organization."

This statement is an insult to the Board of Directors. We read this as the State saying: the Board does not understand what is going on at the Board level. The opposite is true: All the Board Members participate, and many times length in discussing the issues that come before the Board. We have an Executive Committee Meeting once a month to keep everyone updated between the Quarterly meetings.

The Reason Larry and Joe act on behalf of the Board is that when there is an issue(s) to be discussed the office will fax the information to the all Board Members and get feed back before making their comments to the State or making a decision to move forward on a project. If there is an issue that the Executive Committee feels the whole Board needs to be involved, we have a teleconference to discuss the matter at which time the whole Board may, if appropriate, take action.

The Reason we do not contact the State ourselves is that we, The Board of Directors, are satisfied and trust Larry and Joe to do a good job on getting the Board's comments across.

It may seem like there is not a lot of participation at the board meetings, but if you understand the Aleut Culture you know that that the Aleut People most often are not outspoken people. This does not mean however, that they do not understand the issue. The People on the Board will often have small group discussions on the issue(s) during the meetings. So everyone is informed and understands the issue(s) when it comes time to make a decision.

The Board Members sees APICDA as an important player in the survival of our Communities. There is not one Member that take his / her job lightly.

Thank you for you time. We are looking forward to hearing from you soon. If you have any questions or comments you can call Gilda M. Shellikoff at 907-548-2227 to fax to 907-548-2240.

Sincerely,



Gilda M. Shellikoff  
Chair APICDA



Justine Gunderson-Pride  
Chair APICDA  
Joint Ventures, Inc

Enclosed: Attachment

cc: Larry Cotter & Joe Kyle



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Thank you for your time. We are looking forward to hearing from you soon. If you have any questions or comments you can call Gilda M. Shalikoff at 807-848-2237 or fax to 807-548-2230.

Sincerely,



Gilda M. Shalikoff  
Chair APICDA



Justine Gundersen-Price  
Chair APICDA  
Joint Ventures, Inc

Enclosed: Attachment

Cc: Larry Collier & Joe Ryle

Arnold Dushkin \_\_\_\_\_

Jeff Kashevirof \_\_\_\_\_

Hugh Pelkey \_\_\_\_\_

Pete Crandall \_\_\_\_\_

Emil Benikoff \_\_\_\_\_

Lawrence Prokopenoff \_\_\_\_\_

Rick Lauber \_\_\_\_\_

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548-2240.

Sincerely,



Gilda M. Shallikoff  
Chair APICDA



Julie Gunderson-Price  
Chair APICDA  
Joint Ventures, Inc

Enclosed Attachment

cc: Larry Corcoran & Joe Spide


Arnold Dushkin \_\_\_\_\_

Jeff Kuehner ref \_\_\_\_\_

Hugh Pelkey \_\_\_\_\_

Pete Crandall \_\_\_\_\_

Emil Berikoff \_\_\_\_\_

Lawrence Prokopoff 

Rick Lauber \_\_\_\_\_

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Alutian Fish Trib

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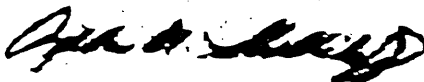
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The Board Members trust APICHA as an important player in the survival of our Communities. There is not one Member that takes his / her job lightly.

Thank you for your time. We are looking forward to hearing from you soon. If you have any questions or comments you can call Gilda M. Shalikoff at 907-548-2227 or fax to 907-548-2390.

Sincerely,



Gilda M. Shalikoff  
Chair APICHA



Justice Oundersen-Pride  
Chair APICHA  
Joint Ventures, Inc

Enclosed: Attachment

Cc: Larry Cotter & Joe Kyle

Arnold Dushkin \_\_\_\_\_

Jeff Karbevarof \_\_\_\_\_

Hugh Pelkey  \_\_\_\_\_

Pete Crandall \_\_\_\_\_

Erni Benikoff \_\_\_\_\_

Lawrence Prokopouff \_\_\_\_\_

Rick Lauber \_\_\_\_\_

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IKO FISHERMAN'S ASSC  
NIKOLSKI FISHERMAN'S ASSN  
APICHA - Arnold Dushin

PAGE 21

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Falco Pass Time

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from you soon. If you have any questions or comments you  
can call Gilda H. Shaliboff at 907-546-5127 to fax to 907-  
546-2940.

Sincerely,



Gilda H. Shaliboff  
Chair APICHA



Justine Gundersen-Price  
Chair APICHA  
Saint Vincent, Inc

Enclosed Attachment

cc: Larry Cottar & Joe Ryle

Arnold Dushin



Jeff Kashner

Hugh Pelroy

\_\_\_\_\_

Pete Crandall

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Emil Benikoff

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Lawrence Prokopoff

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Rick Lauber

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Sincerely,



Gilda M. Shellikoff  
Chair APICDA



Justine Gunderson-Pride  
Chair APICDA  
Joint Ventures, Inc

Enclosed: Attachment


cc: Larry Cottar & Joe Kyle

Arnold Dushkin \_\_\_\_\_

Jeff Kashevarof \_\_\_\_\_

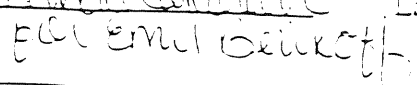
Hugh Pelkey \_\_\_\_\_

Pete Crandall \_\_\_\_\_

Emil Benkov 

Lawrence Prokopev \_\_\_\_\_

Rick Lauber \_\_\_\_\_

  
Emil Benkov

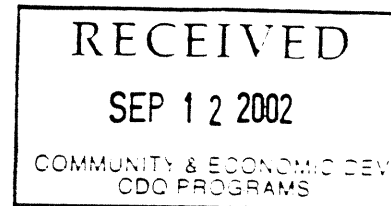
# Bristol Bay Economic Development Corporation

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842-4370 • Fax (907) 842-4336 • 1-800-478-4370



September 12, 2002

Alaska Department of Community  
And Economic Development  
P.O. Box 110809  
Juneau, Alaska 99811-0809



Dear Mr. Cashen,

On behalf of the Board of Directors of BBEDC, I would like to provide the State of Alaska CDQ Oversight Team with our comments as they relate to the 2003-2005 CDQ allocations. This letter along with the State's cover letter, scorecard and scorecard comments will be provided to the BBEDC Full Board September 27, 2002.

First off, the process used in awarding the 2003-2005 allocations to the CDQ groups was much improved compared to years past. The institution of the scorecard was very innovative and useful, not only for BBEDC but I am sure for all CDQ groups. It showed areas of weakness that each of us needs to improve upon as well as our strengths.

BBEDC is pleased with the outcome of this round of allocations and is very appreciative of the fact that we experienced increases in crab, cod, "other species" as well as flathead sole. I understand our losses of sablefish and turbot and the awarding of YDFDA's increase of these species. YDFDA has done a great job with these low-volume, low-value species and awarding them more sablefish and turbot is justified. BBEDC will continue working on programs that will fully utilize these species in the future.

The State's scorecard consisted of six criteria. We identified some overlap within these six criteria and believe that these overlap areas need to be addressed in the future. Though the six criteria are not weighted equally, BBEDC appreciates your apparent vote of confidence in the Board's adopted programs.

BBEDC scored #2 out of six, overall. We are very pleased with this result. However, we will walk you through the six criteria from the eyes of BBEDC and provide you with comments on each one:

1. **Population & Economic Need:** BBEDC scored 7.3. we believe this was fair.
2. **CDP Achievement:** BBEDC scored 8.3, and are again pleased with this score.
3. **Community Regional & Statewide Benefits:** BBEDC scored 5.3. We disagree with this score. BBEDC has instituted a process within BBEDC that creates a

multi-level of scrutiny of any investment BBEDC's due diligence process of investments is a long, costly and laborious task that the Board has deemed necessary for our survival. BBEDC's return on investment, speaks for itself. We will put our return of invest up against any other CDQ groups return. We feel that we have met or exceed all of our milestones as presented in our annual audits. Our employment and training program is at or near the top of all CDQ groups and we know we are doing a good job in this area, of all areas we should have been given more credit it is in this area. Fisheries and Related social economic benefits. No CDQ group faces in-region salmon fisheries issues on the magnitude that BBEDC does. Six commercial fishing districts spread out over a large geographic area, 2800 CFEC permit holders or 25% of all the CFEC permits in the State of Alaska. Largest sockeye runs in the world as well as unreliable salmon forecasts. Disaster after disaster for the past five years. BBEDC is committed to making the Bristol Bay salmon fishery economical for resident fishermen by improving quality, sourcing new markets as well as new product forms. This is no small task and is going to require major capital. BBEDC has started this process. BBEDC has supported and sponsored many Bristol Bay residents on various State, Federal and International Boards that create policies that may affect the Bristol Bay region or the State of Alaska, was this fact overlooked?

**4. Community Outreach & Involvement:** BBEDC scored 6.7. This score I believe is low. The Board of BBEDC has discussed this issue extensively and is building on and looking for innovative ways to engage our people and communities on programs and matters of BBEDC. Remember the old saying, "you can lead a horse to water but you cannot make him drink" sometimes I believe this is the case. BBEDC will continue looking at various way to "spread the word" about BBEDC.

**5. Management Effectiveness:** BBEDC scored 7. We are pleased with this score, but will continue to build on it.

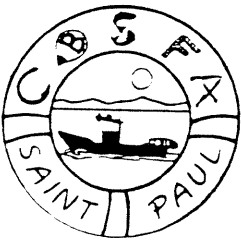
**6. CDQ Program Standard:** BBEDC scored 8 on this one. Again we are pleased with this score.

In closing, BBEDC feels the CDQ team did a credible job of evaluating the groups as represented by the scorecard, and that the allocations track reasonable well. BBEDC will be addressing the areas where you imply that our efforts don't measure up, and anticipate doing substantially better during the next evaluation. Thank You.

Sincerely,



H. Robin Samuelsen Jr.  
President



# CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

Post Office Box 288 ▲ St. Paul Island, Alaska 99660 ▲ Phone (907) 546-2597 Fax (907) 546-2455

RECEIVED

SEP 19 2002

COMMUNITY & ECONOMIC DEV.  
CDQ PROGRAMS

## RESOLUTION 02-04

A RESOLUTION OF THE CENTRAL BERING SEA FISHERMEN'S ASSOCIATION (CBSFA) APPROVING THE STATE OF ALASKA'S 2003-2005 MULTI-SPECIES AND ASSOCIATED CDQ ALLOCATION RECOMMENDATIONS ISSUED ON SEPTEMBER 9, 2002.

WHEREAS the State of Alaska CDQ Team has issued allocation recommendations for the 2003-2005 multi-species CDQ allocation period; and

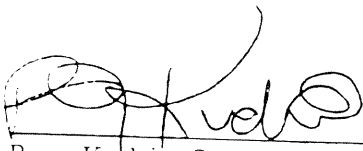
WHEREAS the allocation recommendations and scorecard comments acknowledge that CBSFA's Multi-Species Development Plan will promote development of a diversified fisheries-based economy for St. Paul Island, the Pribilof Islands and Bering Sea region; and

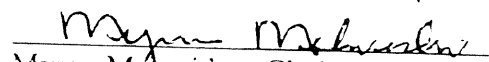
WHEREAS the allocation recommendations and scorecard comments also acknowledge CBSFA's local halibut fishery program is very strong; and

WHEREAS the allocation recommendations and scorecard comments also acknowledge CBSFA's "fiscally prudent" management and continued efforts to develop in-house management.

NOW THEREFORE BE IT RESOLVED THAT the CBSFA board of directors approves the State of Alaska's 2003-2005 Multi-Species and Associated CDQ Allocation Recommendations and urges the North Pacific Fishery Management Council and the National Marine Fisheries Service to approve the allocation recommendations at the earliest possible date.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE BOARD OF DIRECTORS OF THE CENTRAL BERING SEA FISHERMEN'S ASSOCIATION THIS 18<sup>th</sup> DAY OF SEPTEMBER, 2002, BY A VOTE OF 7 FOR AND 0 OPPOSING AND 0 ABSTENTION(S).

  
Rena Kudrin, Secretary

  
Myron Malovidov, Chairman





# Coastal Villages Region Fund

711 H Street, Suite 200 • Anchorage, Alaska 99501 • Phone 907 278 5151 • Fax 907 278 5150

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SEP 19 2002

COMMUNITY & ECONOMIC DEV.  
CDQ PROGRAMS

September 19, 2002

Jeffrey W. Bush, Deputy Commissioner  
State of Alaska, Department of Community and Economic Development  
Office of the Commissioner  
PO Box 110800  
Juneau, AK 99811-0800

RE: 2003-2005 Multi-species and Associated CDQ Allocation Recommendations

Dear Mr. Bush:

In your letter dated September 9, 2002, you forwarded the State's 2003-2005 CDQ allocation recommendations, and asked Coastal Villages Region Fund (CVRF or Coastal Villages) to provide comments. Coastal Villages respectfully submits the following comments regarding the State's allocation recommendations and scorecard.

## Overview

CVRF has been confident in the State CDQ team's oversight capability to make and change allocations. In our testimony and in our actions we have supported the State's ability to allocate based on performance. The scorecard for the 2003-2005 allocation cycle was an interesting attempt to make the allocations more transparent and objective. However, we believe the scorecard has resulted in more questions than clarity, as:

- 1) It appears that the scores and rankings were not based on all of the facts, and;
- 2) The connection of the scores and rankings to the quota allocations is nebulous.

## Scorecard

We appreciate the recognition of our perceived strong points, and wish to elaborate on the perception of our weaknesses. CVRF's relatively low scores in two areas, "Community, Regional and Statewide Benefits" and "Community Outreach and Involvement", are not weaknesses at all but rather accomplishments to be held up as examples. CVRF's community development plan (CDP), milestones, quarterly reports, and testimony all clearly communicate our performance in these areas. Coastal Villages uses a forward thinking and proactive approach to conduct its activities. This approach can be difficult to score and evaluate in ways that fit into a box or standardized scheme. The realities of each issue scored low in the State's scorecard are discussed below.

**Management Effectiveness – “Very high board expenses and per diem rate”**

**Board Expenses-Stipends** - CVRF has the largest board in the CDQ program due to two factors: 1) CVRF represents twenty communities, more than any other CDQ group, and, 2) CVRF is structured to provide all twenty of our CDQ eligible member communities the opportunity to be involved in the various decision-making processes of the organization, and to participate and learn the nuances of the Bering Sea fishing industry. This involvement and participation is the most important factor in CVRF's current position in the industry, and will continue to be a key to the future success of our company. The direct involvement of each village, through its elected representative to our board, provides a voice for every community to actively participate in the activities and decisions of the Company at the board level, and provides the best opportunity for clear and direct communication of company policies, programs and opportunities back to the communities. The fact that CVRF bylaws provide for a governing board made up of community residents (interpreted as men and women domiciled in the communities) contributes to the effectiveness of the community voice, and the flow of information between management and the board (communities). It is clear that the board is one of our strongest and most effective tools for outreach to our member communities.

Anyone who has spent any length of time in the CVRF region, and attempted to conduct business there, knows that the area is lacking in basic infrastructure and resources. The needs of the region are great, and these needs put a tremendous amount of stress and pressure on what little infrastructure and scarce resources are available. This is true not only for community infrastructure (water, sewer & solid waste systems, transportation, energy systems, communication, housing, health care, local government & public safety, housing and education) and natural resources, but for human resources as well. The CVRF Board of Directors has set their compensation levels to balance the Company's needs for community involvement and participation with the availability of local talent ready, willing and able to take time away from their families, careers and lifestyles to make the time commitments necessary to best serve their community and the Company.

The average compensation of individual board members is commensurate with the services provided to the Company, and is well within industry standards. While the nominal amount of dollars spent for Company governance, including the board of directors, has increased in recent years, the ratio of expense to Company activity has actually remained constant, or is declining, depending on the measurement method.

<u>Board expense as a ratio of:</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Net assets	0.7%	1.3%	1.7%
Royalty revenues	3.6%	4.0%	3.5%
Consolidated revenues	2.1%	2.0%	2.4%
Consolidated operating and capital expenses	5.1%	5.7%	5.0%

**Board Expenses-Travel** – Travel within our region requires travel by air. Airfare for twenty board members is extremely expensive in western Alaska, evidencing yet again the need for basic and affordable infrastructure in the CVRF region. CVRF management believes that the benefits to the Company as described in the above paragraph more than

adequately justify the expense of travel to and from board meetings. We utilize our corporate travel coordinator to help reduce travel costs wherever practical, and teleconferences are used when possible.

Board Expenses-Per Diem - CVRF uses the per diem rates set by the federal Per Diem Committee to provide effective and efficient reimbursement of individual board members' expenses associated with company business travel. These rates are updated annually to help ensure their accuracy, and are a result of an extensive, on-going information gathering process. The CVRF Board of Directors believes that these rates balance the needs of board members to be fully reimbursed for out-of-pocket expenses associated with company travel with the needs of the Company for accountability.

### Community Outreach

The Coastal Villages Board of Directors plays a large part in the outreach activities of the Company. The involvement of each community in the decision making process of CVRF, directly through elected representatives, provides a voice and a means for information sharing for every community in the CVRF region. Not only are the board members elected officials, they also act as liaisons to the community, both relaying corporate information back to residents and forwarding project requests and comments to CVRF staff.

In addition to the powerful outreach tool that the Board represents, CVRF also uses many other activities to get information to our residents. These activities can be both formal and informal, and often rely at least in part on the most powerful form of communication and advertising, word of mouth. Examples of such activities include, but are not limited to, the following:

- Offered program services through CVRF program delivery, including Fisheries Support and Development projects (salmon, halibut & herring programs, loan programs, tax & permit assistance programs), 4-SITE (Scholarships, Internships, Training & Employment), and related support services (Junior Achievement, Youth Leadership, and READ [Rural Education Adult Development]).
- Provided employment for almost 400 people, including over 380 residents from the CVRF region and neighboring communities, who earned almost \$4.1 million in gross wages from January 2001 through July 2002.
- Provided a buying outlet as the only fish buyer in the region for salmon and halibut for nearly 400 fishermen in the region, paying \$1.15 million directly to region fishermen from January 2001 through July 2002.
- Provided opportunities for fishermen to directly participate in various Bering Sea fisheries, either as fishermen, crewmen or in fisheries related businesses.
- Newspaper articles, employment ads, newsletters, annual reports, community bulletins and radio programs announcing CVRF program opportunities and activities;
- Donation of hats, backpacks, portfolios, jackets, t-shirts, pens, etc., all prominently displaying CVRF corporate logos;
- Presentations to CVRF region community meetings and public gatherings;
- Direct contact and discussions with community residents;

- Development and maintenance of the CVRF corporate website;
- Invitations to village leaders to attend CVRF board training workshops and board meetings;
- Recruitment for CVRF and partner employment opportunities;

The activities listed above represent broad categories of outreach. For a more complete listing of CVRF community, regional and statewide benefits, and the resulting community outreach of CVRF activities, please see the attached list, and CVRF quarterly reports.

### **Community Involvement**

Community involvement is the centerpiece of decision-making at CVRF and occurs on both a formal and an informal level. The participation of CVRF communities in the decisions of their CDQ group starts at the top of the company with the Board of Directors. Only those domiciled in our member communities may serve as voting Board members. This requirement ensures that community involvement is at the core of our corporate governance, and commitment to this is evident in milestones, surveys (CT), the CDP, and Board actions.

The CVRF Board of Directors is committed to community involvement. They have directed that CVRF's executive director attend meetings with the governing body of each of the twenty member communities. This directive exemplifies the fact that community involvement is a high level priority at CVRF. The Board has also placed specific duties upon itself to strengthen community involvement by providing a summary of CVRF Board activities to the local governing body even before the formal minutes of a meeting are complete. Community residents forward project and program requests to CVRF staff through their community representatives (board members). All of these things combine to make the Coastal Villages Board of Directors an extremely powerful outreach tool.

Our local plant operations are successful only because of the involvement of local residents. Without local fishermen, processors, and spokesmen, the CVS plants would not function at the high level currently enjoyed. We have made it our goal for there to be no difference between the entity of the CDQ group and the community, and we are succeeding. The two are and will be the same. When the plant runs out of water, Coastal Villages is out of water, and we find the solution together. This particular fact was illustrated to the State CDQ team when Lamar Cotten attended a meeting of a community tribal council to solve this very issue. The State CDQ team lost knowledge of these activities as a result of turnover. This is one of many issues contributing to an erroneous score.

Informally, it should be noted that our Board and staff receive numerous communications throughout a particular year from various community residents. Through employee post-season interviews, discussions with those placed in jobs with our partners, informal fishermen consultations, newspaper articles, village meetings, community projects, etc., this involvement becomes part of the mindset of staff members who field these communications. We not only answer the phone at Coastal Villages, we incorporate the thoughts of those community members in our thinking as we go forward.

### **Benefits to the Communities, Region, and State**

CVRF has become the largest CDQ group in the program. The impact we have on our member communities, the region, and the State reflect that size. The amount of direct program expenditures and the expenses and investments made at the subsidiary level are one measure of the benefits provided by CVRF. Other benefits are not measurable in dollars and are difficult to quantify, evaluate, and report. On both fronts it is difficult to conclude why CVRF was not given a high score in this area.

Coastal Villages now has offices throughout the CVRF region, in Anchorage, in Bethel, and even in Juneau. Coastal Villages Crab has invested in a crab vessel that is home ported in Kodiak. This vessel provides benefits to Kodiak through crewmember slots and the management support provided by a local Kodiak company. Likewise, Coastal Villages Longline has invested in three freezer-longline vessels managed from Petersburg, which also generate economic activity there and throughout Alaska. Other vessels owned or leased by CVRF have an economic impact in Seward and Dutch Harbor as well as many ports in between. CVRF's largest investment, American Seafoods, takes proceeds earned from fisheries in Alaskan waters and turns them away from flowing to other states and countries and directs them towards the communities in our state. Having the natural owners, Alaskans, own these types of companies will help the Alaska economy, allowing the people to reap more benefit from the fisheries located closest to their communities.

Benefits also flow to the State from the operations of our local fisheries in salmon, halibut, and herring. Cannery workers have been identified as the number one job in Alaska filled with non-residents. This has been an on-going issue since the salmon industry entered Alaska over 100 years ago. The salmon and halibut programs operated by Coastal Villages Seafoods have created opportunities not otherwise available for our local and regional labor force, made up nearly exclusively of Alaskans and, more specifically, residents of western Alaska. Of the nearly 300 fish plant workers hired in 2002, less than ten were non-residents. In addition, in-state training, marketing, professional services, and construction all provide benefits to the state that should be considered by the CDQ team.

Less measurable benefits to the communities, region, and state also play a role in placing CVRF at the front of the issue. CVRF has facilitated the activities of many other entities desiring to provide benefits to the region. A recent example of this is a request by the University of Alaska Rural Development School for CVRF to facilitate a training session that includes a trip to review one of our fish processing plants. Coastal Villages also refers residents to programs offered by various agencies in the region, such as the Yukon-Kuskokwim Health Corporation and the Lower Kuskokwim School District. In addition, the hope and self-confidence instilled in the communities as a result of Coastal's programs is an intangible benefit difficult to quantify. These relationships and activities cost CVRF virtually nothing but result in priceless opportunities for the people of our region and state.

In 2001 and the first half of 2002 alone, CVRF has contributed the following direct cash benefits to members of our region:

<u>CVRF Program</u>	<u>Eighteen months ending June 30, 2002</u>
Scholarships	\$ 121,000
Internships and employment	3,199,000
Training	170,000
Program facilitation	882,000
Fishermen payments	985,000
Herring fisheries facilitation	200,000
Loans	650,000
Capital improvement to CVS plants	1,887,000
Other CVS operating expenses	2,417,000
	<u>\$ 10,511,000</u>

We believe that the spreadsheet that the CDQ team requested shortly after the 2003-2005 CDP's were submitted asking for "2001-2002 in-region processing benefits" was crafted to specifically exclude measurement of these direct benefits to the CVRF region, and to skew allocations away from groups with little or no current onshore fisheries infrastructure.

#### Scorecard Summary

The facts discussed in the preceding paragraphs are issues we believe the State CDQ team failed to fully consider in the allocation recommendation process and scorecard ratings. Unfortunately, the State's failure to fully consider these errors appears to have led to a low score for Coastal Villages in these sections of the scorecard. We would like the State to further analyze the projects and initiatives engaged in by CVRF and revise our scorecard results to more accurately reflect our performance.

#### 2003-2005 Allocation Recommendations

We believe that the allocation requested (27%) in our 2003-2005 CDP was well supported and justified. The combination of CVRF's recent outstanding performance in utilization of allocations (e.g. royalty rates, investment returns), program delivery and milestone achievement, number of communities, population and economic needs of the region, lack of basic community/fisheries-related infrastructure, and lack of proximate fisheries-related opportunities elsewhere (e.g. Dutch Harbor) would easily support an allocation request of 35-40%. The needs of our region are tremendous. The allocation of resources should reflect these needs so they can be addressed effectively.

Previous Years' Allocations – In previous years, the State has recommended cuts to the CVRF region's pollock allocation. These cuts have resulted in a direct, measurable loss of \$15.3 million dollars since 1996. The actual, total effect on the region, its communities and its residents is difficult to measure. Factors such as the economic multiplier effect of a dollar inserted into a local economy in 1996 as opposed to 2003, and the exponential effect of denying the people of the CVRF region necessary resources (allocation) to invest in the wealth-generating industries of the Bering Sea, effectively

blocking or holding down their economies and opportunities essential to the region's development, are disheartening to even consider.

2003-2005 Allocations – CVRF's recent growth in effectiveness and performance show an even more pronounced, direct effect of the State's decision to deny the restoration of CVRF's pollock allocation to previous levels, and to block CVRF's allocation level to continue upwards towards its natural 35-40% level. An allocation of 24% pollock, as opposed to the requested 27%, will result in a direct loss of royalties and distributions worth \$11.8 million in 2003-2005. Again, the actual, total effect on the region is difficult to measure, but is sure to result in another exponential denial of benefits, or damages, to the CVRF region communities and residents.

### General Comments

AI Other Rockfish - We believe that the reduction in allocation recommended for CVRF's AI Other Rockfish allocation is in error. CVRF has been a consistent performer in the execution of the AI Sablefish fishery, and has recently run into bycatch issues with other rockfish in this area. Currently, other groups are helping us to keep this fishery going by transferring bycatch to us. Hopefully, the State will reconsider the recommended allocation for this species to better reflect the needs of CVRF for the AI Sablefish fishery.

Economic Need – We believe that the State did not properly consider economic need as a significant factor in the allocation process. Economic need was one of the main reasons the CDQ program was created, and we feel that the real needs of real people in western Alaska should therefore be weighted even more heavily within the program and the allocation process than other factors. Communities with readily accessible employment opportunities do not show a need for allocation, compared to a community with no opportunities. Current infrastructure in CDQ communities (docks, roads, liquor stores) that has been developed previous to, or outside of, the CDQ program, is evidence of a lesser economic need for a bootstrap-type allocation.

### Goals of the CDQ program

The goals of the CDQ program are to allocate CDQ to eligible western Alaska communities to provide the means for starting or supporting commercial fisheries business activities that will result in an on-going, regionally based, fisheries-related economy. Coastal Villages has what a State of Alaska CDQ team official deemed a "gold-plated" direct program delivery. Our employment facilitation program places residents in jobs with our partner vessels, in jobs with our in-region fish processing plants, and in jobs in offices with our administration. The virtues of the 4-SITE program are also well known around the CDQ program, the CDQ team, and most importantly, around the region. These programs enhance our employment program's ability to develop local human resources, further promoting opportunities for success. Our herring roe incentive program brings buyers into the region and builds an improved fishery by providing additional incentives to fishermen. Our local plants and our fisheries development program provide a market to CVRF fishermen for salmon and halibut. Through these projects, programs, and other initiatives, many different opportunities are offered to our communities to start and support local fishing economies. These

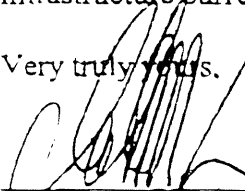
employment opportunities give people a hands-on learning experience as well as an income source. With the chance to learn comes the chance to continue to earn a stable income, and with a stable income comes the chance to succeed.

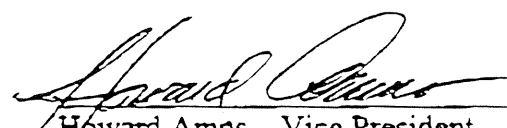
Coastal Villages' experience in western Alaska has helped CVRF to develop a philosophy of long-term focus for the solutions to the problems facing the region. Despite the numerous and long-standing barriers facing the region, including the lack of basic infrastructure, the need for the development of human resources, and high operational costs, CVRF has dedicated itself to be there for many future generations to come. The goals of the CDQ program are to take the resources of the Bering Sea and share them with the people of western Alaska to develop self-sustaining economies of their own. Coastal Villages is accomplishing just that. It stands to reason then that a group with high population, high economic need, and high success at accomplishing the goals of the program should be allowed to make its natural progression within the program.

### Conclusion

Coastal Villages has succeeded in connecting the Bering Sea industry to the communities in the CDQ region. Our 2003-2005 Community Development Plan (CDP) contained more than adequate evidence of CVRF's past performance, current position and future plans in taking allocation and turning it into direct, substantial benefits that will have a balanced and measured effect on the social and economic development of our member communities. We have proven that a pound of fish directed towards Coastal Villages will have more of an effect on our people, and more local, regional and Statewide benefits than a pound of fish allocated elsewhere. We believe that the State must use the allocation process in a prudent way to reward great performance, and to discourage and/or penalize substandard practices and poor utilization of resources. We strongly encourage the State CDQ team to use all information available, correct administrative errors made, and reconsider its initial recommendation of 24% for CVRF in 2003-2005. We believe that 27% of pollock, and all other target species, is less than the people of the CVRF region will ultimately deserve and ask for at some future date, but is a fair and reasonable request given the CDQ program's need for stability, the recent performance of the Company, the number of communities and residents we represent and serve, the economic needs of our villages, and the lack of any significant local resources or infrastructure currently in existence.

Very truly yours,

  
Morgen Crow – Executive Director  
COASTAL VILLAGES REGION FUND

  
Howard Amos – Vice President  
COASTAL VILLAGES REGION FUND

cc: David Benton, Chairman  
Tony Knowles, Governor  
Deborah B. Sedwick, Commissioner  
James W. Balsiger, Administrator

North Pacific Fishery Management Council  
State of Alaska  
State of Alaska – DCED  
National Marine Fisheries Service



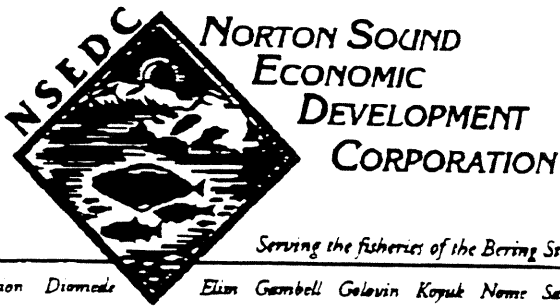
**Coastal Villages Region Fund  
Other Community, Regional and Statewide Benefits  
January 2001 – July 2002**

**Community, Regional and Statewide Benefits**

- Offered services through CVRF projects and programs, including Fisheries Support and Development projects (salmon, halibut & herring programs, loan programs, tax & permit assistance programs), 4-SITE (Scholarships, Internships, Training & Employment), and related support services (Junior Achievement, Youth Leadership, and READ [Rural Education Adult Development]).
- Provided employment for almost 400 people who earned almost \$4.1 million in gross wages from January 2001 through July 2002.
- Provided a buying outlet as the only fish buyer in the region for salmon and halibut for nearly 400 fishermen in the region, paying \$1.15 million directly to region fishermen from January 2001 through July 2002.
- Facilitated a market for the region herring districts by participating in a herring roe incentive program. This program provided almost \$300,000 in additional cash payments to herring fishermen.
- Provided opportunities for fishermen to directly participate in various Bering Sea fisheries, either as fishermen, crewmen or in fisheries related businesses.
- Facilitated meetings with local herring fishermen associations to start to develop a region-wide herring coalition.
- Provided quality control and fillet training to eligible processors from our fish plants to facilitate them earning higher wages at the plants.
- Provided every commercial fisherman in the CVRF region the opportunity to apply for gear advances and loans. Gear advances are supplied throughout the fishing season. Loans are awarded twice a year, with successful applicants receiving financial education classes to explain the loan documents and the 5 "C"s of credit.
- Traveled to and assisted CVRF communities in filing their income taxes, resulting in over \$900,000 being returned to community residents in 2002.
- Conducted follow-up surveys of residents of each member village regarding their input through the Ciunerkam Tangruaritii (CT) process, and conducted one-on-one interviews with each CVRF board member as follow-up to the CT process.
- Announced CVRF employment, training and other opportunities through local flyers, VHF announcements, and public meetings announcements.
- Sponsored Native News and Alaska Weather through the local radio stations KYUK and KCUK, programs that are aired throughout the CVRF region and beyond.
- Produced segments on CVRF's Community Development Support programs and Marine Transportation and Education initiatives that aired on the Alaska Rural Communication Service's (ARCS) Alaska Rural Development television programs.
- Placed advertisements through local newspapers (Tundra Drums and Delta Discovery), for all CVRF program opportunities.
- Participated in the local advisory council of the Alaska Workforce Investment Council.
- Participated in local community youth workshops and public meetings.

- Distributed corporate Annual Reports to all CVRF region residents.
- Produced and distributed to all CVRF region residents a corporate newsletter "Neqsurtet Nepiit - The Sound of the Fisherman".
- Developed and host the CVRF website, which reports current job openings and other informative news.
- Visited CVRF region communities with plants to explain upcoming fisheries to fishermen, and facilitated community meetings to discuss the Cape Romanzoff fisheries.
- Participated in other local community meetings and gatherings throughout the region.
- Sponsored CVRF community representatives to attend Yukon-Kuskokwim Regional Economic Development Council meetings.
- Engaged community leaders and CVRF board members for a two-day training session on the CDQ program, CDQ issues, and local governance guidelines.
- Provided pre-employment training to local fish plant employees.
- Participated in the grand openings of two new halibut plants at Kipnuk and Hooper Bay.
- Participated in meetings with the Nuniwarmiut Reindeer and Seafood Products (NRSP) committee.
- Continuously and actively recruited for all CVRF employment and program opportunities utilizing our rural recruiters, community liaisons, employment coordinators, and community program managers.
- Recruited in non-CVRF communities, including Atmautluak, Nunapitchuk, Kasigluk, Tuluksak, Kalskag, and Kwethluk.
- Provided a loan to a local fisherman to purchase IFQ's in order to participate in Gulf of Alaska fisheries.
- Participated in the Yuut Elitnaurviit Board of Directors to provide direction for the establishment of a regional training center.
- CVRF and seafood partners collaborated to conduct a presentation at Bethel Regional High School and the local museum about seafood employment opportunities.
- Participated in the regional Association of Village Council Presidents (AVCP) annual convention.
- Staffed an information booth at the annual Alaska Federation of Natives (AFN) convention.

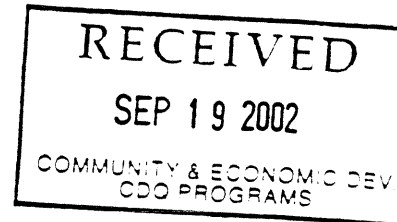
NOTE: This list represents the highlights of activities conducted by Coastal Villages Region Fund. For more complete discussions of the benefits provided through our projects and programs, please see our quarterly reports and community development plans (CDP's).



September 19, 2002

Jeff Bush, Deputy Commissioner  
P.O. Box 110800  
Juneau, AK 99811-0800

Dear Mr. Bush:



Pursuant to the request of the State of Alaska, the NSEDc board met and NSEDc submits the following comments on the state's scorecard and allocation recommendations.

For years NSEDc has tried to participate in developing a fair and objective process, as called for in the National Academy of Sciences report, for the allocation of Community Development Quota resources to the communities participating in the program. In the 2003 - 2005 round of allocations the State of Alaska proposed to use a "scorecard" in its allocation process. Regrettably, the state made a number of errors in its allocation process. First, it made factual or judgmental errors in the scoring of elements purported to be used for allocation; secondly, the state used as the basis for allocation elements which are not authorized in regulation or statute.

Errors in scoring:

1. The state failed to correctly score its very first criteria: population and demographics. For example, NSEDc has 32 % of the population (8493 residents), of which 30.1 percent have incomes below the poverty line, and fifteen communities. NSEDc received a score of 9. Contrast that with CBSFA, which has 2% of the population (532 residents), of which 7.1% are below the poverty line, and one community. CBSFA received a score of 4.3. To award a group with only 1/16<sup>th</sup> of the population, and a higher median income, with about half the points of NSEDc in the scorecard is a manifest error. Even if income levels are disregarded, if NSEDc is to receive a score of 9 then CBSFA should receive a score of 0.6. Correcting this error, alone, should be sufficient to raise the recommended allocation of pollock to NSEDc.
2. NSEDc believes the state erred in its rating for management effectiveness. NSEDc is widely regarded as being the most successful CDQ group, and fails to see how any group could have delivered more in-region dollars of investments and benefits, nor how any group could have a greater financial success story. NSEDc's success does not come without an effective management team. In light of testimony at the public hearing which made it clear that the CDQ program is

not without financial failures, the state erred to rate NSEDC as tied for third or fourth in management effectiveness. This is inconsistent with any objective review of the success of the groups. The state also made the comment that "Staff need to be given more authority for day-to-day operations" This statement is unsupported, and its germaneness to the score or to allocations is unclear at best. Furthermore, the state made the comment that NSEDC is always "pushing the envelope" but fails to recognize the necessity of this because NSEDC has never had a member of its group on the North Pacific Fisheries Management Council to advance its issues.

3. For the same reasons, NSEDC fails to see how it ranked third in CDQ Achievement. The only negative comment the state had on this item was "low pollock royalties," which is an unfair comment. NSEDC explained its formula in the closed-door meeting, and pointed out that over a longer period of time, instead of focusing only on a single year, NSEDC has had above-average royalties. Further, the state failed to take into account the in-kind royalty represented by Glacier Fish Company's commitment to do in-region operations—which was an express consideration in the pollock harvest agreement and, as evidence of the value of this in-kind royalty, for which NSEDC received cash instead of the in-kind royalty in a year when the pink salmon run failed (not the year the state looked at). Also on CDP achievement, the state also apparently failed to give credit for the superior performance of NSEDC in harvesting its allocations, minimizing any underharvest and without overharvest.
4. In Community, Regional, and Statewide Benefits the state commented that the "Unalakleet plant is struggling." This appeared to be a negative comment. The Unalakleet plant is not NSEDC's plant. Furthermore, the reason the plant is struggling is the failing salmon runs in the area—a condition NSEDC has worked with ADF&G to mitigate through financial contributions and other efforts. NSEDC should not have been penalized for the struggles of a plant owned by someone else, for reasons not of NSEDC's making. On this category the state also failed to recognize the extent to which NSEDC supports regional conferences and other community and regional activities.
5. NSEDC believes the state erred in its ranking of NSEDC as third in Community Outreach and Involvement. NSEDC was ranked even lower than a group headquartered in Seattle. This quantitative score is inconsistent with the state's observation that NSEDC has the best annual report of any of the CDQ groups, of the substantial evidence NSEDC provided of its Community Outreach program or community meetings held as part of the CDP development process. The state makes the comment that "majority of staff are located in Anchorage," which seems curious when the majority of the CDQ groups are headquartered in Anchorage, Juneau, or Seattle.
6. In addition to the individual scoring errors cited above, there is no weighting which could be assigned even to the point scores that were awarded which would

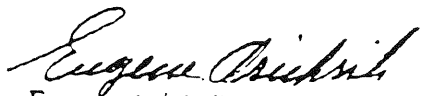
result in the state's recommended allocations among the six groups. Therefore the point scores must not have been the basis for the allocations.

Errors in the use of unauthorized criteria:

1. As a general comment, it is hard to know all the criteria which were utilized in the allocation process since a large component of the state's process is conducted behind closed doors: the state's own deliberations and the one-on-one meetings with each individual group.
2. As evidenced by questions at NSEDC's closed-door meeting and the state's objections that the state was not adequately consulted on investment activity undertaken by entities other than the applicant, and the citation of "high maintenance" in the scorecard, the state appeared to be relying on an unstated criterion in its allocation process.
3. As evidenced by questions at the public meeting and the closed-door meeting about whether NSEDC would continue to support HR553 (a pending piece of legislation in Congress), and a reference to "contesting government oversight" in the scorecard, the state improperly considered NSEDC's positions taken with respect to the CDQ rulemaking, and with respect to pending legislation, as a basis for its allocation recommendations. It would be a reasonable question in the mind of an impartial observer familiar with the circumstances whether there is a correlation in this round of allocations between the extent to which a CDQ group advocated positions favorable to the state's view of oversight and the amount by which their allocations were recommended for increase or decrease.
4. The scorecard says that "to be successful...group needs to spend much more time communicating with state team." As evidenced by this comment, the state improperly considered the time spent communicating with state team as a basis for allocation recommendations.

In summary, the state made a number of errors which negatively affected the state's recommended CDQ allocations to NSEDC. If the state based its allocations on NSEDC's population and demographics, its financial performance and the quality and quantity of the benefits NSEDC provides to its communities, NSEDC would have received higher allocations. The purpose of the program is not compliability with oversight policy; instead the purpose of the program is to benefit western Alaska communities; in this regard NSEDC's performance should be recognized and rewarded. Therefore, NSEDC requests that in the state's final recommendations NSEDC's allocations, particularly pollock, be at the levels requested in its CDP.

Sincerely yours,

  
Eugene Asicksik  
President and CEO

cc. NSEDC BOO



## Yukon Delta Fisheries Development Association

301 Calista Court • Suite C • Anchorage AK 99518  
Tel: (907) 644-0326 Fax: (907) 644-0327

September 16, 2002

Mr. Greg Cashen, CDQ Manager  
Alaska Department of Community & Economic Development  
Municipal & Regional Assistance Division  
P.O. Box 110809  
Juneau, AK 99811-0809

Subject: Response to 2003-2005 CDQ Allocation Recommendations

Dear Mr. Cashen:

YDFDA would like to take this opportunity to thank you and the members of the CDQ team for our 2003-2005 Allocations. We will submit our revised budget and CDP pages reflecting the allocation we received upon finalization of the allocations.

YDFDA does have one concern though and that is how the score card relates to allocations received. We would appreciate receiving clarification as to that linkage.

Once again we would like to thank you for our allocation. We look forward to the 2003-2005 allocation period.

Sincerely,

Ragnar O. Alstrom  
Executive Director

Appendices Not Included due to their size  
But Available From NMFS upon request

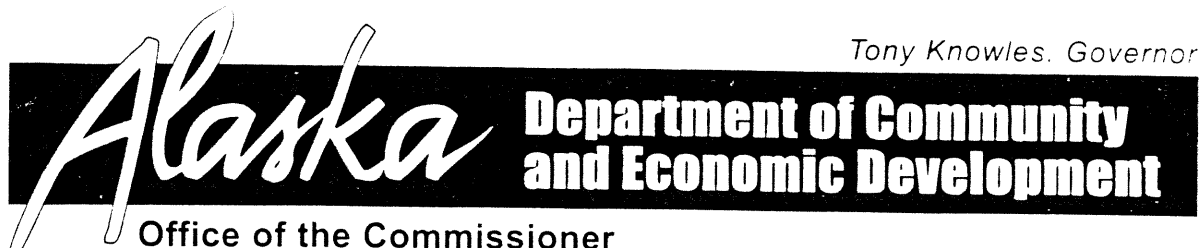
Contact: Sally Bibb  
(907) 586-7389

Appendix 2: Public Notices

Appendix 3: Public Hearing Transcript

**Appendix 4  
NPFMC Council Letter**





**Office of the Commissioner**

P.O. Box 110800, Juneau, AK 99811-0800

Telephone: (907) 465-2500 • Fax: (907) 465-5442 • Text Telephone: (907) 465-5437

Email: [questions@dced.state.ak.us](mailto:questions@dced.state.ak.us) • Website: [www.dced.state.ak.us/](http://www.dced.state.ak.us/)

September 24, 2002

David Benton, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

RE: 2003-2005 CDQ Allocation Recommendations

Dear Mr. Chairman:

The State of Alaska received six Community Development Plan (CDP) applications for the multi-species and associated bycatch Community Development Quota (CDQ) for the 2003-2005 allocation cycle. The allocations are to the six regional organizations or CDQ groups, representing 65 eligible communities bordering the Bering Sea. The CDQ communities, through their respective CDQ group board of directors, submit CDP's to the state that are designed to assist the CDQ groups in becoming successful participants in the North Pacific fishing industry, thereby improving the social and economic conditions specific to their regions. Through the combined efforts of the CDQ groups, private industry partners, State of Alaska, National Marine Fisheries Service and the North Pacific Fishery Management Council (NPFMC) the success of the CDQ program has exceeded all initial expectations.

Prior to the formation of the CDQ program, adjacent western Alaska communities captured virtually none of the value of the Bering Sea groundfish resource. Since the program began ten years ago, fishery revenues of over \$340 million have been directed towards investments on behalf of the eligible communities. The CDQ program has led to over \$80 million in wages, education and training benefits for CDQ residents. CDQ groups have invested in in-region seafood infrastructure projects and fish processing investments. The aggregate asset value of the six CDQ groups at the end of 2001 was in excess of \$190 million.

The CDQ program has provided benefits beyond the boundaries of the 65 eligible communities. Residents from non-CDQ communities have participated in education and training programs and have been a source of employment for CDQ groups and industry partners. CDQ industry partners also benefit from an increase in access to fisheries quota beyond the open access fishery. CDQ group investments into harbor-related improvements have provided benefits to participant's industry-wide.

It is the responsibility of the State of Alaska CDQ Team (Team) to provide assistance and oversight responsibilities for the program to ensure that CDQ resources are effectively utilized while providing maximum benefits to western Alaska residents. The Team carries out this responsibility in its review of the CDP applications, the quarterly and annual reports and independent financial and management audits.

*"Promoting a healthy economy and strong communities"*

## 2003-2005 CDQ Allocation Recommendations

The state has reviewed the CDP applications from the following CDQ groups:

- Aleutian Pribilof Island Development Association (APICDA)
- Bristol Bay Economic Development Corporation (BBEDC)
- Central Bering Sea Fishermen's Association (CBSFA)
- Coastal Villages Region Fund (CVRF)
- Norton Sound Economic Development Corporation (NSEDC)
- Yukon Delta Fisheries Development Association (YDFDA)

Many factors are carefully considered during the allocation process. Criteria in state and federal regulations are followed in conjunction with input from a public hearing and private interviews with CDQ groups. The criteria in state regulations used to evaluate CDP applications are included as an attachment to this letter. CDP applications are due to the state by July 1. The state has 15 days to provide an initial evaluation of a proposed CDP. The applicant must, in turn, submit any additional information within 10 days after being notified by the CDQ Team. Thereafter public and private meetings were held with each group to discuss the CDP's. Utilizing a scorecard format, the state team then scored each group based on the applicable criteria, scores were tabulated and averaged, and initial allocation recommendations were announced to the groups. Each group was also given a copy of all comments from the scorecards relating to the group. The groups were then given an opportunity to comment on the state's recommendations. Copies of those comments and the state's response will be made available to the Council at the hearing on this agenda item.

After consultation with the CDQ groups and the NPMFC, the state established a three-year allocation cycle for the period of 2003-2005. The allocation will involve all groundfish, halibut and crab species. The multi-species allocation percentages for non-target species are derived through application of a model based on the historical harvests made by the CDQ groups. Several allocation cycles have taken place since the beginning of the CDQ program in 1992.

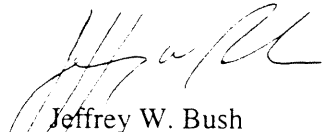
The state CDQ Team's recommended 2003-2005 primary target species allocation are as follows:

CDQ Groups	Pollock	Pacific Cod	Opilio Crab	Bristol Bay King Crab	Halibut
APICDA	14%	15%	8%	17%	4B – 100% 4C – 15%
BBEDC	21%	21%	20%	19%	4D – 26% 4E – 30%
CBSFA	5%	9%	20%	10%	4C – 85%
CVRF	24%	18%	17%	18%	4D – 24% 4E – 70%
NSEDC	22%	18%	18%	18%	4D – 30%
YDFDA	14%	19%	17%	18%	4D – 20%

2003-2005 CDQ Allocation Recommendations

The state would like to take this opportunity to thank the NPFMC for its continued support of the CDQ program. We hope that our continued oversight of the program will maximize benefits to the CDQ regions and all participants in the North Pacific fishing industry.

Sincerely,



Jeffrey W. Bush  
Deputy Commissioner

Attachments

cc: Governor Knowles  
NPFMC Members  
Chris Oliver, Executive Director, NPFMC  
Commissioner Frank Rue, Alaska Department of Fish & Game  
NMFS  
CDQ Groups  
CDQ Team

State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSDC Allocations	YDFDA Allocations	TOTAL
<b>Pollock</b>	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
<b>Pacific Cod</b>		15%	21%	9%	18%	18%	19%	100%
<b>Sablefish</b>	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
<b>Atka mackerel</b>	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
<b>Yellowfin sole</b>		28%	24%	8%	6%	7%	27%	100%
<b>Rocksole</b>		24%	23%	8%	11%	11%	23%	100%
<b>Greenland turbot</b>	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
<b>Arrowtooth</b>		22%	22%	9%	13%	12%	22%	100%
<b>Flathead sole</b>		20%	21%	9%	15%	15%	20%	100%
<b>Other Flats</b>		26%	24%	8%	8%	8%	26%	100%
<b>Alaska plaice</b>		14%	21%	5%	24%	22%	14%	100%
<b>Pacific Ocean Perch</b>	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
<b>Other Red Rockfish</b>	BS	18%	19%	8%	18%	18%	19%	100%
<b>Northern Rockfish</b>	AI	30%	15%	8%	15%	14%	18%	100%
<b>Shortraker/Rougheye</b>	AI	22%	17%	8%	17%	17%	19%	100%
<b>Other Rockfish</b>	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
<b>Other Species</b>		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
	Zone 1 Red King Crab (#)	24%	21%	8%	12%	12%	23%	100%
	Zone 1 C. bairdi (#)	26%	24%	8%	8%	8%	26%	100%
	Zone 2 C. bairdi (#)	24%	23%	8%	11%	10%	24%	100%
	C. opilio (#)	25%	24%	8%	10%	8%	25%	100%
	Pacific halibut (mt)	22%	22%	9%	12%	12%	23%	100%
	Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
	Non-Chinook salmon (#)	14%	21%	5%	24%	22%	14%	100%
<b>Halibut</b>	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
<b>Crab</b>								
	Bristol Bay Red King	17%	19%	10%	18%	18%	18%	100%
	Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
	Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
	St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
	Bering Sea C. opilio	8%	20%	20%	17%	18%	17%	100%
	Bering Sea C. bairdi	10%	19%	19%	17%	18%	17%	100%

## FACTORS FOR CONSIDERATION IN CDP APPLICATION

In reviewing the CDP applications, the state is to consider the following factors.

- CDPs provides specific and measurable benefits to each community participating in the CDP.
- A proposed CDP has the support of all participating communities.
- The CDQ group, to the greatest extent possible, has promoted conservation-based fisheries by taking actions that will minimize bycatch, provide for full retention and increased utilization of the fishery resource, and minimize impact to essential fish habitats.
- The number of participating eligible communities, the population of each community and the economic conditions in each community.
- The size of the allocation requested by the applicant and the proper allocation necessary to achieve the milestones and objectives stated in the proposed CDP.
- The degree, if any, to which each CDQ project is expected to develop a self-sustaining local fisheries economy, and the proposed schedule for transition from reliance on an allocation to economic self-sufficiency.
- The degree, if any, to which each CDQ project is expected to generate capital or equity in the local fisheries economy or infrastructure; or investment in commercial fishing or fish processing operations.
- The applicant's contractual relationship with joint venture partners and the managing organization.
- The applicant's and the applicant's harvesting and processing partners', if any, involvement and diversity in all facets of harvesting and processing.
- The coordination or cooperation with other applicants or CDQ groups on CDQ projects.
- The experience of the applicant's industry partners, if any.
- The applicant's CDQ projects for employment, education, and training that provide career track opportunities.
- The benefits, if any, to the state's economy or to the economy of communities that are not eligible to participate in the CDQ program.
- A demonstration that the applicant has a formal, effective administrative process that sets out sound business principles and examples of due diligence that the applicant will exercise.
- The development, if any, of innovative products and processing techniques as well as innovation in harvesting gear for conservation and maximum utilization of the fishery resource.
- The applicant's ability to maintain control over each of its allocations.
- The capital or equity to be generated by the applicant's CDQ projects for fisheries-related business investment.
- The past performance of the applicant and the applicant's industry partners, as appropriate.
- The applicant's transition plan, including the objectives set out in the milestone table.
- The inclusion in the proposed CDP of realistic measurable milestones for determining progress.
- The degree of participating community input in developing the proposed CDP.
- The likely effectiveness of the outreach project.
- Comments provided by other agencies, organizations, and the public.

# 2003-2005 CDP Scorecard

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APC/DA	BBEDC	CBSEA	CVRF	NSEDC	YDF/DA
<b>Population &amp; Economic Needs</b>	6 AAC 93.040(b)(1)	Evaluation of population and economic conditions of eligible CDQ communities participating in a proposed CDP.	<ol style="list-style-type: none"> <li>1) Analysis of 2000 U.S. Census report including population, current community infrastructure, and individual household demographic information.</li> <li>2) Consultation with the Alaska Dept. of Labor and Dept. of Community &amp; Economic Development for demographic information.</li> <li>3) Consultation with Department of Revenue, Division of Permanent Fund applicant statistics.</li> <li>4) Analysis of proposed CDP and annual audits from prior CDP cycle.</li> <li>5) Interviews with CDQ applicants</li> </ol>	4.3	7.3	4.3	10	9	6.7
<b>CDP Achievement</b>	6 AAC 93.040(b)(2), (b)(16), and (b)(17)	Achievement of CDP and program milestones & objectives. Factors for consideration include allocation requests and the proper allocations necessary to achieve CDP milestones. Discussion of milestones and how they relate to a transition plan from reliance on CDQ to self-sufficiency.	<ol style="list-style-type: none"> <li>1) Discussion of milestones during a CDP cycle.</li> <li>2) Evaluation of CDP milestones..</li> <li>3) Interviews with CDQ applicants.</li> </ol>	4.3	8.3	4.7	9	7.3	7
<b>Community Regional &amp; Statewide Benefits</b>	6 AAC 93.017(1), (2), (8), (9)  6 AAC 93.040(b)(3), (b)(4), (b)(9), (b)(10), (b)(12), (b)(13), and (b)(14)	Evidence a CDP provides fisheries related social and economic benefits, including employment and training programs, to each eligible CDQ community and to the state, derived from maximum utilization and control of CDQ allocations and CDQ investments.	<ol style="list-style-type: none"> <li>1) Analysis of project sheet forms in proposed CDP.</li> <li>2) Performance of investments as determined through audited financial statements.</li> <li>3) Milestone achievements as presented in annual audits.</li> <li>4) Analysis of statistics from quarterly reports.</li> <li>5) Interviews with CDQ applicants</li> </ol>	7.3	5.3	7.3	6.3	6.3	5.7

# 2003-2005 CDP Scorecard (continued)

## Current regulations 6 AAC 93

Category	Regulation	Purpose	Source of Information	APC/DA	BBE/DC	CBS/FA	CVR/FE	NSE/DC	YDF/DA
<b>Community Outreach &amp; Involvement</b>	6 AAC 93.040(b)(2), (b)(3), (b)(10), (b)(16), (b)(17), (b)(18), (b)(19)	Evidence that the applicant has developed an effective outreach program to keep participating communities fully informed about CDQ activities and to facilitate community involvement throughout the CDQ cycle.	1) Analysis of CDP milestones. 2) Verification of contact with community through analysis of quarterly reports, board and committee meeting minutes, annual reports, and outreach conferences. 3) Interviews with CDQ applicants.	5.7	6.7	8	6.3	7	7.3
<b>Management Effectiveness</b>	6 AAC 93.040(b)(8), (b)(11), (b)(13), (b)(14), (b)(15), (b)(16), (b)(17)	Demonstration of management effectiveness & efficiency, including board training and participation, as well as a formal effective administrative process utilizing sound business principles while exercising a sufficient level of due diligence to complete the goals and objectives of the proposed CDQ. Demonstration of effective management of allocations relative to enforcement measures.	1) Completion of CDP milestones. 2) Use of consultants to perform management duties & technical analysis. 3) Number of CDQ region residents employed in management positions. 4) Analysis of overall program & administrative costs in annual audited reports & CDP budgets. 5) Analysis of staff & independent contractor compensation packages. 6) Interviews with CDQ applicants.	5	7	4.3	8	6.7	6.7
<b>CDQ Program Standards</b>	6 AAC 93.017(1)-(9) 6 AAC 93.040(b)(2), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(14), (b)(15), (b)(20)	Evidence that a CDQ applicant has minimized legal and financial risk by exercising sufficient due diligence and demonstrating a reasonable likelihood that for-profit CDQ projects will earn a financial return, meet measurable CDP milestones, utilize conservation-based fisheries and further the overall goals and purposes of the CDQ program.	1) Analysis of annual audited independent reports. 2) Analysis of CDP investment guidelines and due diligence on investments. 3) Analysis of milestones in annual audited reports. 4) Analysis of proposed CDP and plans for CDQ cycle. 5) Input from public concerning the goals and objectives of a proposed CDP. 6) Interviews with CDQ applicants.	5	8	5.7	8.7	5.7	7.3

### Assumptions:

- 1) Other sources analyzed during the allocation process will include quarterly reports and all correspondence between the state and the CDQ applicant during the previous and current CDP application cycle.

**Appendix 5**  
**Recommended 2003-2005 CDQ Allocation Table**



State of Alaska 2003 -- 2005 CDQ Quota Allocation Recommendations  
By Species and Group

		APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Pollock	Bering Sea/AI/Bogoslof	14%	21%	5%	24%	22%	14%	100%
Pacific Cod		15%	21%	9%	18%	18%	19%	100%
Sablefish	Fixed Gear - BS	15%	20%	16%	0%	18%	31%	100%
	Fixed Gear - AI	14%	19%	3%	27%	23%	14%	100%
	Trawl - BS	21%	22%	9%	13%	13%	22%	100%
	Trawl - AI	26%	20%	8%	13%	12%	21%	100%
Atka mackerel	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - EAI/BS	30%	15%	8%	15%	14%	18%	100%
Yellowfin sole		28%	24%	8%	6%	7%	27%	100%
Rocksole		24%	23%	8%	11%	11%	23%	100%
Greenland turbot	BS	16%	20%	8%	17%	19%	20%	100%
	AI	17%	19%	7%	18%	20%	19%	100%
Arrowtooth		22%	22%	9%	13%	12%	22%	100%
Flathead sole		20%	21%	9%	15%	15%	20%	100%
Other Flats		26%	24%	8%	8%	8%	26%	100%
Alaska plaice		14%	21%	5%	24%	22%	14%	100%
Pacific Ocean Perch	BS	17%	21%	6%	21%	19%	16%	100%
	Western - AI	30%	15%	8%	15%	14%	18%	100%
	Central - AI	30%	15%	8%	15%	14%	18%	100%
	Eastern - AI	30%	15%	8%	15%	14%	18%	100%
Other Red Rockfish	BS	18%	19%	8%	18%	18%	19%	100%
Northern Rockfish	AI	30%	15%	8%	15%	14%	18%	100%
Shortraker/Rougheye F	AI	22%	17%	8%	17%	17%	19%	100%
Other Rockfish	BS	21%	19%	7%	17%	17%	19%	100%
	AI	21%	18%	8%	17%	17%	19%	100%
Other Species		18%	21%	9%	16%	16%	20%	100%
<b>Prohibited Species Quota</b>								
Zone 1 Red King Crab (#)		24%	21%	8%	12%	12%	23%	100%
Zone 1 C. bairdi (#)		26%	24%	8%	8%	8%	26%	100%
Zone 2 C. bairdi (#)		24%	23%	8%	11%	10%	24%	100%
C. opilio (#)		25%	24%	8%	10%	8%	25%	100%
Pacific halibut (mt)		22%	22%	9%	12%	12%	23%	100%
Chinook salmon (#)		14%	21%	5%	24%	22%	14%	100%
Non-Chinook salmon (#)		14%	21%	5%	24%	22%	14%	100%
Halibut	4B	100%	0%	0%	0%	0%	0%	100%
	4C	15%	0%	85%	0%	0%	0%	100%
	4D	0%	26%	0%	24%	30%	20%	100%
	4E	0%	30%	0%	70%	0%	0%	100%
Crab								
Bristol Bay Red King		17%	19%	10%	18%	18%	18%	100%
Norton Sound Red King		0%	0%	0%	0%	50%	50%	100%
Pribilof Red & Blue King		0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue King		50%	12%	0%	12%	14%	12%	100%
Bering Sea C. opilio		8%	20%	20%	17%	18%	17%	100%
Bering Sea C. bairdi		10%	19%	19%	17%	18%	17%	100%

**Appendix 6**  
**2003-2005 Initial CDQ Allocation Requests**

## Executive Summary

### Section 1.0                      Name of Applicant

The applicant for groundfish and crab is the Aleutian Pribilof Island Community Development Association (APICDA). For Area 4B and Area 4C halibut, APICDA is the applicant on behalf of the City of Atka and the Atka Fishermen's Association, and the City of St. George and the St. George Island Fishermen's Association, respectively.

### Section 2.0                      Total CDQ and PSC Requested

APICDA is requesting total CDQ tonnage, target and bycatch, as identified below.

<b>Total Groundfish CDQ Fisheries</b>	<b>CDQ Allocation (%)</b>	<b>CDQ Allocation (mt)</b>
Pollock	18%	26,730
Pacific Cod	18%	2,700
Sablefish Fixed Gear (BS)	25%	48
Sablefish Fixed Gear (AI)	20%	77
Sablefish Trawl (BS)	25%	18
Sablefish Trawl (AI)	20%	48
Atka Mackerel	30%	1,103
Yellowfin Sole	29%	1,871
Rocksole	10%	405
Turbot (BS)	16%	64
Turbot (AI)	18%	36
Arrowtooth	18%	216
Flathead Sole	20%	375
Other Flatfish	20%	45
Alaska Plaice	20%	180
Pacific Ocean Perch (BS)	30%	59
Pacific Ocean Perch (AI)	30%	274
Other Red Rockfish	23%	10
Northern	20%	289
Short/Rougheye	17%	24
Other Rockfish (BS)	16%	7
Other Rockfish (AI)	16%	14
Other Species	19%	439
<b>Total Groundfish</b>		<b>35,031</b>
<b>Prohibited Species</b>	<b>CDQ Allocation (%)</b>	<b>CDQ Allocation (mt)</b>
Red King Crab (numbers)	19%	1,382
Bairdi Tanner Crab Zone 1 (numbers)	26%	19,510
Bairdi Tanner Crab Zone 2 (numbers)	23%	51,233
Opilio (numbers)	26%	84,825
Halibut (mt of mortality)	20%	69
Chinook Salmon (numbers)	19%	684
Other Salmon (numbers)	19%	599

## Executive Summary, APICDA Year 2003/05 CDP

### Halibut

Area 4B	100%	836,000 lbs.
Area 4C	15%	152,250 lbs.

### Shellfish CDQ (2002 pounds)

Bristol Bay Red King Crab	25%	140,625
Norton Sound	0%	0%
Pribilof Island	0%	0
St. Matthew's	50%	0
Opilio Tanner Crab	25%	577,875
Bairdi Tanner Crab	25%	0

APICDA's proposed CDP is developed with two primary economic goals that work in tandem with our employment goals: maintain and improve existing businesses, with particular emphasis on in-community businesses, and construct or expand processing facilities in St. George, Nelson Lagoon and Atka. Only through seafood processing facilities will these communities have any opportunity to develop stable local economies that can provide meaningful long-term employment and stability for their residents.

APICDA is committed to processing as much fish on shore in Alaska as is practical and economically feasible. We have structured our partnership relationships so that we can generally move harvests either on-shore or off-shore as opportunities and needs present themselves.

### Section 3.0 Communities Represented Within Application

The following eligible communities participate in APICDA:

<u>Community</u>	<u>Within 50 miles of Bering Sea</u>	<u>On the Bering Sea Coast</u>	<u>Certified Under PL 92-203</u>	<u>Majority of Fishery Activity in Bering Sea</u>
Akutan	Yes	Yes	Yes	Yes
Atka	Yes	Yes	Yes	Yes
St. George	Yes	Yes	Yes	Yes
Nelson Lagoon	Yes	Yes	Yes	Yes
False Pass	Yes	Yes	Yes	Yes
Nikolski	Yes	Yes	Yes	Yes

### Section 4.0 Description of the Managing Organization

APICDA is a 501 (c) (3) non-profit organization incorporated in the State of Alaska. APICDA is in good standing with the Alaska Department of Commerce & Economic Development.

Bristol Bay Economic Development Corporation is the applicant.

BBEDC is located at P.O. Box 1464, Dillingham, Alaska 99576. H. Robin Samuelsen is the President and Chief Executive Officer of the Corporation and is under the general policy guidance of the Board of Directors and its Executive Committee.

BBEDC is a non-profit, regional economic development corporation organized in 1992 under the laws of the State of Alaska and is recognized as tax exempt under Section 501 (c) (4) of the Internal Revenue Service code.

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## **B. Table of Total CDQ and PSQ Allocation Request in %**

### **Introduction**

BBEDC's CDQ harvesting strategy incorporates experienced industry partners with a demonstrated commitment to operating within the rules and regulations of the CDQ program. To assist its harvesting partners, BBEDC utilizes one of the most sophisticated and successful quota management systems in existence today. Together, this has resulted in excellent utilization of the most valuable CDQ allocations and minimization of bycatch to the greatest extent possible, and maximization of returns to BBEDC.

There are many unknowns concerning the actual non-target species bycatch and prohibited species rates that the CDQ fisheries will encounter. BBEDC and its partners cannot anticipate all possible outcomes and describe them here. Changes in market conditions, bycatch levels, or fisheries regulations among other things will be considered when specific plans are formulated to implement the general fish plan described here.

BBEDC uses the actual average of BBEDC's 2000 and 2001 CDQ fisheries bycatch rates for pollock and cod only. The bycatch requests for other fisheries are based on the actual 1995-1997 industry average data that BBEDC requested and compiled from NMFS. BBEDC did not use the state matrix for this CDF submission.

BBEDC has confidence that this method will work for determining harvesting partners' bycatch needs. Barring extraordinary circumstances, there is a reasonable assurance of achieving the harvest projections with these rates.

### **Notes to the following table:**

\* Pollock Bycatch in Non-Pollock fisheries does not accrue against BBEDC's Pollock CDQ allocation. BBEDC included the data to identify how much pollock bycatch we expect to encounter in non-pollock fisheries

\*\*The directed portion of the Sablefish trawl allocation will be harvested with fixed gear.

\*\*\*The apparent overage for Other Species will be covered with the Non-Specific reserve. After transferring all the NSR to OS, we project a remaining balance of 92.7 MT, which will be used as a cushion incase high OS bycatch rates are encountered.

## Total Community Development Quota Allocations and Prohibited Species Quota Allocation

Target Species	Directed Fisheries %	Directed % + Bycatch %	2003-2005 Request
Halibut			
4D	29.80%	29.80%	30.00%
4E	40.00%	40.00%	40.00%
Bristol Bay Red King Crab	24.80%	24.80%	25.00%
Norton Sound Red King Crab	0.00%	0.00%	0.00%
Pribilof Red & Blue King Crab	0.00%	0.00%	0.00%
St. Mathew Blue King Crab	24.80%	24.80%	25.00%
Bering Sea C. Opilio Tanner Crab	24.80%	24.80%	25.00%
Bering Sea C. Bairdi Tanner Crab	24.80%	24.80%	25.00%
Pollock*	22.97%	23.08%*	23.00%
Pacific Cod (BS/AI)	23.73%	24.98%	25.00%
Sablefish - Fixed Gear			
BS	20.73%	22.19%	25.00%
AI	12.53%	13.03%	25.00%
Greenland Turbot (BS/AI)			
BS	7.46%	23.46%	25.00%
AI	5.05%	22.21%	25.00%
Atka Mackerel			
Eastern 541	12.11%	12.12%	15.00%
Central 542	14.01%	14.01%	15.00%
Western 543	13.53%	13.66%	15.00%
Yellowfin Sole (BS/AI)	6.20%	7.62%	24.00%
Flathead Sole (BS/AI)	7.47%	10.90%	20.00%
Alaska Plaice (BS/AI)		6.41%	23.00%
Other Flatfish (BS/AI)		8.56%	23.00%
Rock Sole (BS/AI)	1.23%	5.57%	23.00%
<b>Non Target Species</b>			
Arrowtooth Flounder (BS/AI)		13.33%	25.00%
Sablefish - Trawl**			
BS	0.00%	0.66%	23.00%
AI	0.00%	0.02%	15.00%
Pacific Ocean Perch Complex			
True POP (EBS)		0.24%	24.00%
Other POP (EBS)		10.51%	24.00%
True POP:			
Eastern 541		1.58%	15.00%
Central 542		2.18%	15.00%
Western 543		1.93%	15.00%
Northern Rockfish AI		4.09%	23.00%
Shortraker/Rougheye AI		10.99%	23.00%
Other Rockfish			
BS		11.32%	24.00%
AI		17.91%	23.00%
Other Species (BS/AI)***		32.32%***	25.00%
<b>Prohibited Species (measurement differs):</b>			
		<b>PSC Bycatch</b>	<b>Allocation %</b>
Halibut (mt)		8.81%	25.00%
Bairdi - Zone 1 (#)		1.48%	23.00%
Bairdi - Zone 2 (#)		1.48%	23.00%
Red King Crab - Zone 1 (#)		1.07%	23.00%
Opilio	no data available	no data available	23.00%
Chinook Salmon (#)		12.58%	23.00%
Non-Chinook Salmon (#)		20.70%	23.00%

Central Bering Sea Fishermen's Association  
2003 - 2005 CDQ Multi-Species Application for Quota

<b>Species or Species Group</b>	<b>%CBSFA</b>
<b>BS Pollock - total</b>	<b>10%</b>
A/B season (40%)	10%
C/D season (60%)	10%
AI Pollock	10%
<b>Bogoslof Pollock</b>	<b>10%</b>
Pacific Cod	20%
<b>BS FG Sablefish</b>	<b>20%</b>
AI FG Sablefish	10%
<b>BS Sablefish</b>	<b>20%</b>
AI Sablefish	10%
<b>WAI Atka Mackerel</b>	<b>15%</b>
CAI Atka Mackerel	15%
<b>EAI/BS Atka Mackerel</b>	<b>15%</b>
Yellowfin Sole	15%
<b>Rock Sole</b>	<b>15%</b>
BS Greenland Turbot	10%
<b>AI Greenland Turbot</b>	<b>10%</b>
Arrowtooth Flounder	15%
<b>Flathead Sole</b>	<b>15%</b>
Other Flatfish	18%
<b>Alaska Plaice (NEW)</b>	<b>16%</b>
BS Pacific Ocean Perch	15%
<b>WAI Pacific Ocean Perch</b>	<b>12%</b>
CAI Pacific Ocean Perch	12%
<b>EAI Pacific Ocean Perch</b>	<b>12%</b>
BS Other Red Rockfish	15%
<b>AI Northern</b>	<b>12%</b>
AI Shortraker/Rougheye	12%
<b>BS Other Rockfish</b>	<b>15%</b>
AI Other Rockfish	15%
<b>Other Species</b>	<b>18%</b>
<hr/> <b>Prohibited Species</b>	
Zone 1 Red King Crab	8%
<b>Zone 1 Bairdi Tanner Crab</b>	<b>8%</b>
Zone 2 Bairdi Tanner Crab	9%
<b>Opilio Tanner Crab</b>	<b>9%</b>
Pacific Halibut	9%
<b>Chinook Salmon</b>	<b>4%</b>
Non-Chinook Salmon	5%
<hr/> <b>Halibut CDQ</b>	
Halibut 4B	0%
<b>Halibut 4C</b>	<b>90%</b>
Halibut 4D	0%
<b>Halibut 4E</b>	<b>0%</b>
<hr/> <b>Crab</b>	
Bristol Bay Red King	17%
<b>Norton Sound Red King</b>	<b>0%</b>
Pribilof Red & Blue King	100%
<b>St. Matthew Blue King</b>	<b>0%</b>
Bering Sea C. Opilio Tanner	25%
<b>Bering Sea C. Bairdi Tanner</b>	<b>19%</b>

# COASTAL VILLAGES REGION FUND

## 2003-2005 Multi-Species CDQ Community Development Plan and Application

### Executive Summary

#### A. NAME OF APPLICANT

The Coastal Villages Region Fund (CVRF) is the applicant for the twenty communities of the Coastal Villages region. CVRF is a tax-exempt corporation organized under the laws of the State of Alaska. Additionally, CVRF is the managing organization for the CDQ program for its region.

The Coastal Villages Region Fund is pleased to be able to submit this application on behalf of its member communities. The CDQ program will provide a wide range of benefits to the residents of the Coastal Villages region. Opportunities for employment, training, education, financial assistance, improvements in regional fisheries infrastructure, and investments are all contained in this application and community development plan.

The Board of Directors of CVRF looks forward to the State review process and answering any questions that may arise during the State's analysis of the application.

#### B. TABLE OF TOTAL CDQ ALLOCATION REQUEST IN PERCENTAGES

TARGET	PERCENT
<b>Groundfish CDQ Species:</b>	
BS Pollock – total	27
AI Pollock	27
Bogoslof Pollock	27
Pacific Cod	27
BS FG Sablefish	-
AI FG Sablefish	27
BS Sablefish	27
AI Sablefish	10
WAI Atka Mackerel	9
CAI Atka Mackerel	9
EAI/BS Atka Mackerel	15
Yellowfin Sole	27
Rock Sole	27
BS Greenland Turbot	27
AI Greenland Turbot	21
Arrowtooth Flounder	27
Flathead Sole	27
Other Flatfish	27
Alaska Plaice (NEW)	27



BS Pacific Ocean Perch	27
WAI Pacific Ocean Perch	4
CAI Pacific Ocean Perch	4
EAI Pacific Ocean Perch	4
BS Other Red Rockfish	27
AI Northern	27
AI Shortraker/Roughey	27
BS Other Rockfish	27
AI Other Rockfish	27
Other Species	27
<b>Halibut CDQ:</b>	
Halibut 4B	0
Halibut 4C	0
Halibut 4D	30
Halibut 4E	70
<b>Crab:</b>	
Opilio Tanner Crab	27
Bristol Bay Red King	27
Norton Sound Red King	-
Pribilof Red & Blue King	-
St. Matthew Blue King	27
Bering Sea C. Bairdi Tanner	27
<b>Prohibited Species:</b>	
Zone 1 Red King Crab	27
Zone 1 Bairdi Tanner Crab	27
Zone 2 Bairdi Tanner Crab	27
Opilio Tanner Crab	27
Pacific Halibut	27
Chinook Salmon	27
Non-Chinook Salmon	27

## A. NAME OF APPLICANT

Norton Sound Economic Development Corporation (NSEDG)

## B. TOTAL CDQ AND PSQ ALLOCATION REQUESTED

NSEDG is requesting groundfish and crab community development quota (CDQ) allocations under the expanded multi-species CDQ program for the Bering Sea and Aleutian Island subareas of the BSAI management area for the years 2003-2005. These CDQ allocations will allow NSEDG to conduct local fisheries in the region as well as operations in pot, longline and trawl fisheries using vessels owned by NSEDG and harvesting vessels under contract to NSEDG. The percentages of CDQ and PSQ allocations by target fishery are outlined below in Table 1. With the exception of halibut CDQ in area 4D and area

**Table 1: CDQ and PSQ Allocation Request for 2003-2005**

<b>Halibut</b>	Halibut 4D	40%
	Halibut 4E	25%
<b>Crab</b>	Bristol Bay Red King Crab	31%
	Norton Sound Red King Crab	100%
	Pribilof Red King Crab	0%
	St. Matthew Blue King Crab	31%
	C. Opilio	31%
	C. Bairdi	31%
<b>Pollock (BS, AI and Bogoslof)</b>		31%
<b>Pacific Cod (BS/AI)</b>		31%
<b>Sablefish</b>	Sablefish Fixed Gear (BS/AI)	31%
	Sablefish Trawl (BS/AI)	31%
<b>Atka Mackerel</b>	Atka Mackerel (Eastern AI)	31%
	Atka Mackerel (Central AI)	31%
	Atka Mackerel (Western AI)	31%
<b>Yellowfin Sole</b>		31%
<b>Rock Sole</b>		31%
<b>Greenland Turbot (BS/AI)</b>		31%
<b>Arrowtooth Flounder</b>		31%
<b>Flatfish</b>	Flathead Sole	31%
	Other Flatfish	31%
	Alaska Plaice	31%
<b>Pacific Ocean Perch Complex</b>	True POP (BS)	31%
	Other Red Rockfish (BS)	31%
<b>True POP (AI)</b>	True POP (Western AI)	31%
	True POP (Central AI)	31%
	True POP (Eastern AI)	31%
<b>Northern Rockfish (AI)</b>		31%
<b>Shortraker/Rougheye (AI)</b>		31%
<b>Other Rockfish (BS/AI)</b>		31%
<b>Other Species</b>		31%
<b>Prohibited Species Quota</b>	Halibut mortality (mt)	31%
	Opilio (no.)	31%
	Tanner Crab - Zone 1 (no.)	31%
	Tanner Crab - Zone 2 (no.)	31%
	Red King Crab (no.)	31%
	Chinook Salmon (no.)	31%
	Other Salmon (no.)	31%

4E, and crab CDQ in the Norton Sound red king crab fishery, the Pribilof Island red king crab fishery and the Aleutian Islands golden king crab fishery, NSEDC is requesting a thirty-one percent (31%) allocation for each of the CDQ species. This CDP, and NSEDC's past performance, provide assurance that the 31% allocation will be used well. NSEDC communities contain 31% of the population for all CDQ eligible communities. CDQ target fisheries are dependent upon adequate amounts of CDQ bycatch species in order to successfully prosecute them.

### **C. COMMUNITIES REPRESENTED**

NSEDC is submitting this application to the State of Alaska for multi-species community development quotas (CDQs) on behalf of fifteen member communities in the Bering Strait region of northwestern Alaska. These communities are:

<b>Brevig Mission</b>	<b>Diomedes</b>	<b>Elim</b>
<b>Gambell</b>	<b>Golovin</b>	<b>Koyuk</b>
<b>Nome</b>	<b>St. Michael</b>	<b>Savoonga</b>
<b>Shaktolik</b>	<b>Stebbins</b>	<b>Teller</b>
<b>Unalakleet</b>	<b>Wales</b>	<b>White Mountain</b>

Each community represented above is eligible to participate in the CDQ program both under federal rules as defined in 50 CFR 679.30 (d) (2) and under State of Alaska CDQ criteria. The Secretary of Commerce has determined that these villages meet the requirements of CDQ program eligibility.

### **D. MANAGING ORGANIZATION**

NSEDC will act as the managing organization for the multi-species CDQ program described in this CDP. NSEDC has already qualified as an applicant and managing organization for the pollock, halibut, sablefish and multi-species CDQ programs. NSEDC has been successfully managing these CDQ programs, associated development projects, and CDQ fishing since 1992. NSEDC has an excellent track record for managing CDQ fisheries and not over-harvesting allocations. Under the expanded CDQ program, NSEDC will continue to act as the managing organization in cooperation with Glacier Fish Company, Norton Sound Seafood Products, and our other harvesting and processing partners.

The primary contact person for NSEDC is Eugene Asicksik, President and Executive Director. The office responsible for administering the company is located in Anchorage. Other offices are located in Unalakleet and Nome. The Anchorage office serves as a central location for communications and contact with agencies from outside of the region, provides accounting and financial support, and manages CDQ fishing operations. The address of this office is as follows:

**Mr. Eugene Asicksik**  
**NSEDC Anchorage Administrative Office**  
**420 L Street, Suite 310**  
**Anchorage, Alaska 99501**  
**Phone (907) 274-2248 FAX (907) 274-2249**

- ✓ Village leaders (in addition to YDFDA Board members) from each community came together for a two-day work session on CDP projects. **We have a united vision and consensus support for all the projects listed in this CDP.**
- ✓ Efforts to extend economic benefits beyond the CDQ communities have continued as evidenced by the expanded scholarship program and the placement of ice machines in neighboring villages.
- ✓ YDFDA is filling the void left by the de-certification of the local ARDOR. YDFDA is taking the lead on providing ARDOR services to both CDQ and non-CDQ villages.

We are also asking for 7% increase in our halibut allocation. Since the last CDP, the line between halibut districts 4D and 4E has been made permeable. This means we can now fish 4D halibut in 4E waters adjacent to our region. Removal of this regulatory barrier should now allow our local fleet access to halibut. YDFDA intends to confirm this with test fishing this August. We intend to report on the results of this test fishery when we meet in August. We have reasons to believe the test fishery will show the presence of halibut in waters accessible by open skiff. If shoreside halibut stocks are abundant, more emphasis will be placed on transferring CDQ halibut into the local fisheries. **We are asking for YDFDA's halibut allocation to be restored to 27% to allow for the near shore local fishery.**

This year the F/V Lisa Marie pioneered pot fishing for sablefish in the Bering Sea. Taking sablefish with pots reduces bycatch and encounters with killer whales. In 2001, all CDQ groups harvested 25.6% of their Bering Sea CDQ sablefish. Through May 31, 2002, the F/V Lisa Marie has harvested 32 MT or 67% of our 2002 allocation. Because of our success with pot fishing, we intend to harvest up to the IFQ vessel cap. In recognition for pioneering a more environmentally friendly way of harvesting sablefish, YDFDA believes it should be rewarded with 5% more sablefish. Furthermore, all this sablefish will be harvested on a vessel 100% owned by YDFDA employing local residents.

The allocation request for Pacific cod remains the same. As evidenced by harvesting our entire AB quota by March 31, 2002, YDFDA is capable of harvesting all of the cod allocation it currently receives. With the additional investment in the Catcher Processor Baranof, the full 19% allocation is needed.

The last allocation request to address is Atka mackerel. The last allocation cycle reduced our allocation 2% and gave it to another CDQ group even though we used the same harvesting company. In our eyes, this appeared to be a penalty for cooperating with other CDQ groups. As you know, the margins are very slim on Atka mackerel and it only makes economic sense to use the same harvesting company. We would hope that the CDQ program would encourage, not discourage cooperation with other CDQ groups. It is in this context that we seek a 20% Atka mackerel allocation.

#### A. NAME OF APPLICANT

The **Yukon Delta Fisheries Development Association (YDFDA)** is an Alaskan not-for-profit community development corporation formed in 1992 for the express purpose of stabilizing and developing the economic base of the region known as the Yukon River Delta.

**B. TABLE OF TOTAL CDQ & PSQ ALLOCATION REQUEST IN PERCENTAGE**

<b>Species or Species Group</b>	<b>Allocation Request %</b>
Pollock	17%
Pacific Cod	19%
Sablefish FG BS	30%
Sablefish FG AI	20%
Sablefish Trawl BS	18%
Sablefish Trawl AI	24%
Atka Mackerel AI Western	20%
Atka Mackerel AI Central	20%
Atka Mackerel AI Eastern/BS	20%
Yellowfin Sole	27%
Rock Sole	20%
Greenland Turbot BS	21%
Greenland Turbot AI	18%
Arrowtooth Flounder	24%
Flathead Sole	20%
Other Flatfish	23%
Alaska Plaice	23%
True Pacific Ocean Perch BS	18%
WAI Pacific Ocean Perch	18%
CAI Pacific Ocean Perch	18%
EAI Pacific Ocean Perch	18%
Other Red Rockfish BS	19%
AI Northern Rockfish	18%
AI Shortraker/Rougheye	18%
BS Other Rockfish	22%
AI Other Rockfish	18%
Other Species	20%
<b>Prohibited Species</b>	
Zone 1 Red King Crab	26%
Zone 1 Bairdi Tanner Crab	26%
Zone 2 Bairdi Tanner Crab	23%
Opilio Tanner Crab	24%
Pacific Halibut	23%
Chinook Salmon	17%
Non-Chinook Salmon	17%
Halibut 4D	27%
Crab	
Bristol Bay Red	18%
Norton Sound King	50%
St Matthew Blue	12%
C. Opilio (BS)	17%
C. Bairdi (BS)	17%

**Appendix 7**  
**State and Federal CDQ Regulations**



## CHAPTER 093 WESTERN ALASKA COMMUNITY DEVELOPMENT QUOTA PROGRAM

### 6 AAC 93.010 PURPOSE OF REGULATIONS.

The purpose of this chapter is to implement the state's role in the Western Alaska Community Development Quota Program (CDQ Program) for the Bering Sea and Aleutian Islands Area under 50 C.F.R. 679.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

### 6 AAC 93.012 REFERENCES TO FEDERAL LAW.

In this chapter, each reference to a provision of 50 C.F.R. 679 refers to that provision as revised as of June 9, 1999.

History - Eff. 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

### 6 AAC 93.015 CDQ TEAM; RESPONSIBILITIES; LEAD STATE AGENCY.

- (a) To carry out the state's role in the CDQ program under 50 C.F.R. 679, a CDQ team shall perform functions as directed in and under this chapter. The CDQ team consists of
- (1) the commissioner of the Department of Community and Economic Development, or one or more of the commissioner's representatives from that department, including one person to act as CDQ manager;
  - (2) the commissioner of the Department of Fish and Game, or one or more of the commissioner's representatives from that department; and
  - (3) one or more other state employees or state officials designated jointly by those commissioners, if additional members of the team would be beneficial.
- (b) The Department of Community and Economic Development is the lead agency. CDQ program material submitted under this chapter shall be submitted to the lead agency.
- (c) To fulfill the purpose of this chapter, including providing accountability to the CDQ program, the CDQ team shall
- (1) solicit submittals of community development plans (CDP) from eligible communities;
  - (2) review and evaluate proposed CDPs;
  - (3) make recommendations regarding CDQ allocations and changes to allocations;
  - (4) review and make recommendations regarding amendments to approved CDPs;
  - (5) monitor the performance of each CDQ group in achieving the group's milestones and objectives in its CDP;
  - (6) seek to ensure consistency between the CDQ program standards in 6 AAC 93.017 and a CDQ group's activities that are subject to this chapter and 50 C.F.R. 679; and
  - (7) based on reports and other information obtained under this chapter, prepare and submit to the governor, for the governor's review, approval, and necessary action, the state's annual progress report described in 50 C.F.R. 679.30(g) and (h).

- (d) The governor will, in the governor's discretion, delegate in writing the responsibility for carrying out one or more duties of the governor under this chapter to the CDQ team.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)  
Editor's Notes - The mailing address for submitting material under this chapter is: CDQ Team, Office of the Commissioner, Department of Community and Economic Development, P.O. Box 110803, Juneau, Alaska 99811-0803.

### 6 AAC 93.017 CDQ PROGRAM STANDARDS.

To carry out the state's role under 50 C.F.R. 679 and this chapter, the CDQ team shall apply the standards listed in (1) - (9) of this section, as applicable. The CDQ team shall determine whether

- (1) a CDP provides specific and measurable benefits to each community participating in the CDP;
- (2) as part of a CDP, a CDQ project provides benefits to individual residents of a participating community, to a single participating community, or to all participating communities;
- (3) a proposed CDP has the support of all participating communities;
- (4) each CDQ project listed in a CDP has the support of the applicant's or CDQ group's board of directors, reflected by official action of the board;
- (5) before initiating a proposed CDQ project, a CDQ group exercised a level of due diligence that reflects the value of the investment, the risk involved, and the type of project;
- (6) a reasonable likelihood exists that a for-profit CDQ project will earn a financial return to the CDQ group;
- (7) the CDQ group has minimized legal and financial risk;
- (8) the CDQ group has clearly demonstrated how a proposed CDQ project will further the goals and purpose of the CDQ program as stated in 50 C.F.R. 679.1(e); and
- (9) in areas of fisheries harvesting and processing, the CDQ group, to the greatest extent possible, has promoted conservation-based fisheries by taking actions that will minimize bycatch, provide for full retention and increased utilization of the fishery resource, and minimize impact to essential fish habitats.

History - Eff. 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

### 6 AAC 93.020 CDQ APPLICATION PERIOD.

- (a) Within a reasonable time before an application period is to begin, the CDQ team shall
- (1) establish the application period by scheduling a deadline for receipt of proposed CDPs from qualified applicants and by scheduling a projected time frame for
    - (A) initial evaluation;
    - (B) holding a public hearing to discuss all CDPs received; and
    - (C) final review;
  - (2) publish a notice that announces the CDQ application period, states the allocation cycle, and states the deadline for submitting a proposed CDP; the notice must be published in at least one newspaper of general circulation in Western Alaska and in at least one newspaper of general circulation in the state; and



- (3) mail a copy of the notice to each eligible community.
- (b) Except as provided in 6 AAC 93.075 (b), the deadline for submission of a proposed CDP set by (a)(1) of this section may not be less than 14 days after publication of the notice under (a) of this section.
- (c) If, after publication of the notice under (a) of this section, the CDQ team determines that it is necessary to change the allocation cycle, the CDQ team shall notify all applicants and eligible communities and publish notice of the change.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 1/1/98, Register 144; am 8/19/99, Register 151

Authority - Ak. Const., art. III, sec. 1

Ak. Const., art. III, sec. 24

AS 44.33.020 (11)

#### **6 AAC 93.025 REQUIREMENTS FOR SUBMITTING A PROPOSED CDP.**

- (a) To apply for an allocation under 50 C.F.R. 679, a qualified applicant must submit to the CDQ team, on or before the deadline set under 6 AAC 93.020, a complete proposed CDP that contains the information required by 50 C.F.R. 679.30(a), including
  - (1) a statement that the applicant is a qualified applicant as defined in 50 C.F.R. 679.2; this statement must be accompanied by a certificate of incorporation showing that the applicant is a nonprofit corporation formed under AS 10.20;
  - (2) a statement as to whether the applicant is also the managing organization for the proposed CDP;
  - (3) a statement that each community participating in the proposed CDP is an eligible community as defined in 50 C.F.R. 679.2;
  - (4) with the list of communities participating in the CDP required by 50 C.F.R. 679.30(a)(1)(iv),
    - (A) the population of each community;
    - (B) the economic conditions in each community; and
    - (C) evidence that the applicant has developed an effective outreach project to keep participating communities informed about the CDQ group's activities and to facilitate community input throughout the course of the CDP;
  - (5) for each member of the applicant's board of directors, a letter of support or election results from the board member's eligible community and a statement of support from the governing body of each community participating in the proposed CDP; the statement of support may be a copy of a resolution, letter, or other appropriate expression of support;
  - (6) for each species allocation, evidence, such as a contract with a business partner, that the applicant has not obligated, and does not intend to obligate, further allocations to a third party;
  - (7) for an applicant that is also a managing organization,
    - (A) evidence that the managing organization has a board of directors with a membership composed of at least 75 percent resident fishermen from the community or group of communities participating in the CDP, with at least one member from each community; and
    - (B) a statement of support from the governing body of each community that the organization represents; the statement of support may be a copy of a resolution, letter, or other appropriate expression of support;
  - (8) for a managing organization that will participate in a fishery on behalf of the applicant, but is not the applicant, a statement

of support from the governing body of each community that the organization represents; the statement of support may be a copy of a resolution, letter, or other appropriate expression of support;

(9) information regarding the particular benefits that an allocation under the CDP would generate for the Bering Sea and Aleutian Islands region; in addition, the applicant may provide information regarding any benefits to the state or the United States;

(10) the applicant's existing and foreseeable business relationships; to meet the requirement of this paragraph, the applicant shall

(A) provide copies of any contractual service arrangements dealing with legal, lobbying, audit, accounting, allocation management, investment research, fund management, and similar services;

(B) provide copies of profit sharing arrangements;

(C) provide copies of funding and financing plans; and

(D) describe each type of relationship, including joint ventures, loans, partnerships, corporations, and, if applicable, distribution of proceeds;

(11) a copy of the investment policies that the applicant will follow for

(A) for-profit CDQ projects;

(B) infrastructure CDQ projects;

(C) fund and cash management CDQ projects; and

(D) other applicable CDQ projects;

(12) as part of the detailed description of each CDQ project required by 50 C.F.R. 679.30(a)(1)(i), information that

(A) identifies the project as an active or proposed CDQ project;

(B) describes the project's normal scope of operations; and

(C) indicates whether an active project should be classified as a core or noncore CDQ project;

(13) a milestone table that sets out specific and measurable objectives for each CDQ project and dates for achieving each objective;

(14) budgets, including

(A) a general budget for the proposed CDP that identifies all allocation revenue, project revenue, and project expenditures for the entire period for the proposed CDP;

(B) an annual budget listing detailed expenses for each CDP project for the first year of the proposed CDP; and

(C) an annual comprehensive budget for the allowable administrative expenses, as previously determined by the CDQ team, specifically indicating the expenses that are chargeable to the managerial, general administrative, and policy phases of a CDQ group and the group's projects;

(15) a description of how the applicant plans to report financial and audit information to the CDQ team throughout the course of its CDP, in accordance with 6 AAC 93.050; and

(16) any additional information that the CDQ team finds is necessary to determine whether to recommend approval of the proposed CDP under 6 AAC 93.040(c).

(b) An eligible community may not

(1) submit more than one proposed CDP during a single CDQ application period; or

(2) participate in more than one CDP; this paragraph does not prevent an eligible community from participating in halibut allocations that are restricted by regulatory areas of the





International Pacific Halibut Commission and 50 C.F.R. 679.30.  
(c) Except for circumstances that the CDQ team finds were beyond the applicant's control, the CDQ team may not evaluate a proposed CDP received after the deadline set under 6 AAC 93.020.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)  
Editor's Notes - The mailing address for the CDQ team is set out in the editor's note at 6 AAC 93.015.

#### **6 AAC 93.030 INITIAL EVALUATION OF PROPOSED CDPs.**

(a) The CDQ team shall perform an initial evaluation of a proposed CDP submitted under 6 AAC 93.025 to determine whether the CDP is complete. Within 15 days after a proposed CDP is received, the CDQ team shall notify the CDP applicant of any information needed to make the CDP complete. The applicant must submit the needed information within 10 days after being notified by the CDQ team. If, after the initial evaluation period, the CDQ team finds that additional information is needed for completeness, the applicant will have 10 days after notification to provide the information.  
(b) After the initial CDP evaluation, the CDQ team shall schedule a public hearing under 6 AAC 93.035 as required by 50 C.F.R. 679.30(b).

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

#### **6 AAC 93.035 PUBLIC HEARING.**

(a) The CDQ team shall schedule at least one public hearing on all pending complete proposed CDPs, providing for a teleconference site in each geographical area that is subject to a proposed CDP.  
(b) The CDQ team shall provide notice of the date and location of a public hearing  
(1) to each applicant whose proposed CDP is the subject of the hearing;  
(2) through newspaper publication; in addition, notice may be provided through other media; and  
(3) to any other person the CDQ team believes will be interested in a pending CDP.  
(c) A public hearing under this section must be recorded and transcribed. The transcript of the public hearing will be made available to the public, upon request, at the same time that the transcript is submitted under 6 AAC 93.045  
(d) Repealed 8/19/99.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

#### **6 AAC 93.040 FINAL EVALUATION OF PROPOSED CDPs [COMPLETE CDP APPLICATIONS]**

(a) After the public hearing under 6 AAC 93.035, the CDQ team shall evaluate all complete proposed CDPs to determine whether the CDPs are consistent with the standards in 6 AAC

93.017 and meet the applicable requirements of this chapter and 50 C.F.R. 679.

(b) The CDQ team shall consider the following factors when reviewing a complete proposed CDP:

- (1) the number of participating eligible communities and
    - (A) the population of each community; and
    - (B) the economic conditions in each community;
  - (2) the size of the allocation requested by the applicant and the proper allocation necessary to achieve the milestones and objectives as stated in the proposed CDP;
  - (3) the degree, if any, to which each CDQ project is expected to develop a self-sustaining local fisheries economy, and the proposed schedule for transition from reliance on an allocation to economic self-sufficiency;
  - (4) the degree, if any, to which each CDQ project is expected to generate
    - (A) capital or equity in the local fisheries economy or infrastructure; or
    - (B) investment in commercial fishing or fish processing operations;
  - (5) the applicant's contractual relationship, if any, with joint venture partners and the managing organization;
  - (6) the applicant's and the applicant's harvesting and processing partners', if any, involvement and diversity in all facets of harvesting and processing;
  - (7) the coordination or cooperation with other applicants or CDQ groups on CDQ projects;
  - (8) the experience of the applicant's industry partners, if any;
  - (9) the applicant's CDQ projects for employment, education, and training that provide career track opportunities;
  - (10) the benefits, if any, to the state's economy or to the economy of communities that are not eligible to participate in the CDQ program that are in addition to the benefits generated by the proposed CDP for participating communities;
  - (11) a demonstration, through the information submitted under 6 AAC 93.025(a)(11), that the applicant has a formal, effective administrative process that sets out sound business principles and examples of due diligence that the applicant will exercise;
  - (12) the development, if any, of innovative products and processing techniques as well as innovation in harvesting gear for conservation and maximum utilization of the fishery resource;
  - (13) the applicant's ability to maintain control over each of its allocations;
  - (14) the capital or equity generated by the applicant's CDQ projects for fisheries-related business investment;
  - (15) the past performance of the applicant and the applicant's industry partners, as appropriate;
  - (16) the applicant's transition plan, including the objectives set out in the milestone table submitted under 6 AAC 93.025
- (a)(13);
- (17) for each CDQ project, the inclusion in the proposed CDP of realistic measurable milestones for determining progress;
  - (18) the degree of participating community input in developing the proposed CDP;
  - (19) the likely effectiveness of the outreach project described in 6 AAC 93.025(4)(C); and
  - (20) comments provided by other agencies, organizations, and the public.



(c) After evaluation under this section, the CDQ team shall transmit to the governor for the governor's review and necessary action each proposed CDP and the CDQ team's evaluation and recommendation regarding each CDP. The governor will then make a written finding that a proposed CDP either

(1) meets the requirements of this chapter and 50 C.F.R. 679 and will be recommended to the National Marine Fisheries Service (NMFS) for approval for an allocation in the amount requested by the applicant;

(2) meets the requirements of this chapter and 50 C.F.R. 679 and will be recommended to the NMFS for approval with a reduced allocation from the amount initially requested by the applicant; or

(3) does not meet the requirements of this chapter and 50 C.F.R. 679 and will not be recommended to the NMFS for approval.

(d) If there is a sufficient quota of fishery resource available to meet the combined total allocations requested in all of the complete proposed CDPs that meet the requirements of this chapter and 50 C.F.R. 679, the governor will, in the governor's discretion, recommend all of those CDPs to the NMFS for approval.

(e) If there is an insufficient quota of fishery resource available to meet the combined total allocations requested in all of the complete proposed CDPs that meet the requirements of this chapter and 50 C.F.R. 679, the governor will, in the governor's discretion and after consultation by the CDQ team under (f) of this section,

(1) apportion the available quota among the applicants whose CDPs will be recommended for approval and will recommend the apportionment to the NMFS for approval; or

(2) select those complete proposed CDPs that the governor believes best satisfy the objectives, requirements, and criteria of the CDQ program and will recommend those CDPs to the NMFS for approval; a recommendation under this paragraph may also include a recommendation for an apportionment under (1) of this subsection.

(f) Before the CDQ team recommends an apportionment of the quota under (e) of this section, it shall consult with the applicants that might be affected by the proposed apportionment. The CDQ team may request an applicant to submit a revised CDP to assist the CDQ team in determining the

(1) economic feasibility and likelihood of success of the proposed CDP with an allocation of fishery resource less than that requested; and

(2) particular benefits that may be derived by participating communities affected by an allocation of fishery resource less than that requested.

(g) In apportioning the quota of fishery resource under (e) of this section, the governor will consider the information specified in this chapter and 50 C.F.R. 679 and seek to maximize the benefits of the CDQ program to the greatest number of participating communities.

(h) Before forwarding recommendations to the NMFS under 6 AAC 93.045, the governor will, or, at the governor's direction, the CDQ team shall, consult with the North Pacific Fishery Management Council regarding the proposed CDPs to be recommended by the governor for allocations and incorporate

any comments from the council into the written findings required under (c) of this section and 50 C.F.R. 679.30(d).

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

#### **6 AAC 93.045 RECOMMENDATIONS TO THE NMFS REGARDING PROPOSED CDPs.**

After making written findings under 6 AAC 93.040 regarding the complete proposed CDPs, the governor will

(1) forward the proposed CDPs to the NMFS with written findings, rationale, and recommendations for approval of proposed CDPs and CDQ allocations; and

(2) notify in writing each CDP applicant as to whether the applicant's proposed CDP was recommended to the NMFS for approval, including whether any reduction of allocation was recommended under 6 AAC 93.040.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

#### **6 AAC 93.050 QUARTERLY AND ANNUAL REPORTS.**

(a) In order for the CDQ team to monitor a CDP as required under 50 C.F.R. 679.30, a CDQ group shall submit to the CDQ team a quarterly report for each calendar quarter in which that group's CDP is in effect, and an annual report as described in (d) of this section. Each quarterly report must be submitted by the deadline stated in (b) of this section and must contain the information required by (c) of this section.

(b) A CDQ group shall submit a quarterly report to the CDQ team, to be received or postmarked on or before

(1) April 30 for a CDP in effect during the preceding January, February, or March;

(2) July 30 for a CDP in effect during the preceding April, May, or June;

(3) October 30 for a CDP in effect during the preceding July, August, or September; and

(4) January 30 for a CDP in effect during the preceding October, November, or December.

(c) A quarterly report submitted under this section must include

(1) information describing how, during the period covered by the report, the CDP group has met the milestones and objectives of the CDP as set out in the CDP;

(2) a year-to-date report of all CDQ harvesting and processing activities of the CDQ group;

(3) comprehensive financial statements if required by the CDQ team; a statement required under this paragraph must include, as applicable,

(A) a consolidated balance sheet;

(B) a consolidated income statement that clearly identifies, by CDQ project, revenue and expenditures;

(C) a cash flow statement; and

(D) financial statements for the CDQ group's subsidiaries;

(4) complete year-to-date data regarding training, education, and employment under the CDP, provided in a format specified by the CDQ team;

(5) minutes for any CDQ group board or directors meetings



that were held during the quarter; and

(6) any other information that the CDQ team determines is necessary to carry out the state's role in the administration of the CDQ program; if the CDQ team requires additional information under this paragraph, the CDQ team shall notify the CDQ group in writing at least 15 days before the report is due.

(d) The quarterly reports submitted under this section for a calendar year are subject to an independent audit performed by a reputable accounting firm. The CDQ group's selection of an accounting firm is subject to the CDQ team approval. The independent audit constitutes a CDQ group's annual report and must be submitted by the CDQ group to the CDQ team, to be received or postmarked no later than May 31 of the year following the calendar year covered by the audit. The audit must include

(1) a report that indicates whether the CDQ group is meeting the milestones and objectives of the CDP as set out in its CDP; the CDP group shall meet with an auditor to develop agreed-upon procedures for the content of this report;

(2) consolidated financial statements, reported according to generally accepted accounting principles and, if determined necessary by the CDQ team, supplemental schedules reporting the financial position and results of operations for each of the CDQ group's consolidated for-profit subsidiaries classified in the CDP as a core CDQ project;

(3) a note to the financial statements in which the auditor details how financial results were determined and any other relevant information;

(4) a supplemental schedule detailing the CDQ group's general and administrative expenses;

(5) except for fund and cash management CDQ projects, a budget reconciliation between all CDQ projects and administrative budgets, and actual expenditures;

(6) a management report or letter; and

(7) any other information that the CDQ team determines is necessary to carry out the state's role in the administration of the CDQ program; if the CDQ team requires additional information under this paragraph, the CDQ team shall notify the CDQ group in writing at least 15 days before the group's annual report is due.

(e) In this section, "postmarked" means the

(1) United States Postal Service postmark;

(2) the date of placement with a courier-type delivery service as evidenced on the shipping documents;

(3) the date the document is delivered to the CDQ team by facsimile; or

(4) the date the document is delivered to the CDQ team by electronic mail.

History - E.F. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151

Authority - Ak. Const., art. III, sec. 1

Ak. Const., art. III, sec. 24

AS 44.33.020 (11)

Editor's Notes - The mailing address for the CDQ team is set out in the editor's note at [6 AAC 93.015](#).

## 6 AAC 93.055 AMENDMENTS TO AN APPROVED CDP.

(a) General requirements. A CDP is a working business plan that must be kept current. A CDQ group that seeks to amend a CDP under this section and 50 C.F.R. 679.30 shall submit to the CDQ

team a written request for approval of the amendment under the appropriate process described in this section. A CDQ group may not engage in an activity that requires an amendment to the group's CDP until the amendment is recommended for approval by the state and approved by the NMFS.

(b) Submittal requirements. When submitting a proposed CDP amendment under (c) or (d) of this section, in addition to the information that is required to be submitted under 50 C.F.R. 679.30(g)(4) or (5), the CDQ group shall describe how the amendment

(1) is consistent with the standards in [6 AAC 93.017](#), the group's investment policies submitted under 6 AAC

93.25(a)(11), and the requirements of 50 C.F.R. 679; and

(2) will affect the CDQ group's ability to meet the milestones and objectives in its CDP.

(c) Substantial amendments. A substantial amendment to a CDP is subject to (f) and (h) of this section and 50 C.F.R.

679.30(g)(4). A substantial amendment requires the commissioner to make a recommendation for approval or disapproval before the proposed amendment can be forwarded to the NMFS under 50 C.F.R. 679.30(g)(4). A substantial amendment is required if a CDQ group intends to

(1) make a change described in 50 C.F.R. 679.30(g)(4)(iv);

(2) pursue a proposed CDQ project that will be classified in the amended CDP as a core CDQ project;

(3) add a new proposed CDQ project;

(4) make a substantial variation in the normal scope of operations for an active core CDQ project described under [6 AAC 93.025](#) (a)(12)(B); or

(5) engage in a CDQ activity that would result in an active noncore CDQ project being classified as a core CDQ project under [6 AAC 93.057](#).

(d) Technical amendments for noncore projects. A technical amendment under this subsection is subject to 50 C.F.R.

679.30(g)(5). If a CDQ group intends to pursue an activity described in this subsection, the group shall send a letter of notification to the CDQ manager, describing the activity and seeking a technical amendment to the CDP. With the letter of notification, the CDQ group shall include the information required by (b) of this section. An activity under this subsection is subject to (g) and (i) of this section and requires the CDQ manager to make a recommendation for approval or disapproval before the proposed amendment can be forwarded to the NMFS under 50 C.F.R. 679.30(g)(5). Subject to (g)(2) of this section, the CDQ manager will make a decision under this subsection within 10 days after a letter of notification is received. Notification under this subsection is required when a CDQ group intends to

(1) pursue a proposed noncore CDQ project that is clearly identified in the CDP text and budget, if the CDQ team advises the CDQ group that notification under this section is required; or

(2) make a substantial variation in the normal scope of operations of an active noncore CDQ project, if the variation will impact the CDQ project performance measures described in the milestone table submitted under [6 AAC 93.025](#) (a)(13);

(e) Other technical amendments. A technical amendment to a CDP is subject to 50 C.F.R. 679.30(g)(5). A technical



amendment requires the CDQ manager to review the materials submitted by the CDQ group and make a recommendation for approval or disapproval before the proposed amendment can be forwarded to the NMFS under 50 C.F.R. 679.30(g)(5). A technical amendment to the CDP under this subsection is required when a CDQ group intends to

(1) make a change in its board of directors or key administrative staff;

(2) make a change in a contract dealing with a business relationship described under 6 AAC 93.025 (a)(10)(A);

(3) add a harvesting or processing contract that is substantially similar to an existing contract in the group's approved CDP; the CDQ group shall provide a copy of the contract; or

(4) make any other change that the CDQ team determines is technical in nature.

(f) Review process for substantial amendments. The CDQ team shall use the following process in its review for a substantial amendment proposed under (c) of this section:

(1) the CDQ team shall determine within 30 days whether the amendment

(A) is consistent with the standards, policies, and requirements discussed under (b)(1) of this section; or

(B) will reduce the CDQ group's ability to meet the milestones and objectives in its CDP;

(2) if the CDQ team finds an amendment to be inconsistent under (1)(A) of this subsection or will reduce the CDQ group's ability to meet the milestones and objectives in its CDP,

(A) the CDQ team shall notify the CDQ group; the group will have 10 days to respond with more information;

(B) within 10 days after the CDQ group's response is received, the CDQ team shall repeat the review under (1) of this subsection; and

(3) the CDQ team shall repeat the process described in (2) of this subsection until the CDQ team recommends approval of the amendment or makes a determination under (h) of this section.

(g) Review process for technical amendments for noncore projects. The CDQ manager shall use the following process in the review of a technical amendment for a noncore project proposed under (d) of this section.

(1) the CDQ manager shall determine within 10 days whether the amendment

(A) is consistent with the standards, policies, and requirements discussed under (b)(1) of this section; or

(B) will reduce the CDQ group's ability to meet the milestones and objectives in its CDP;

(2) if the CDQ manager finds that an amendment is inconsistent under (1)(A) of this subsection or will reduce the CDQ group's ability to meet the milestones and objectives in its CDP,

(A) the CDQ manager shall notify the CDQ group; the group will have five days to respond with more information;

(B) within 10 days after the CDQ group's response is received, the CDQ manager shall repeat the review under (1) of this subsection; and

(3) the CDQ manager shall repeat the process described in (2) of this subsection until the CDQ manager recommends approval of the amendment or makes a determination under (i) of this section.

(h) Recommendation for disapproval of a substantial

amendment. If the CDQ team finds that a substantial amendment proposed under (c) of this section is inconsistent with the standards, policies, or requirements referred to in (b) of this section, or that the amendment will reduce the CDQ group's ability to successfully meet the milestones and objectives in its CDP, the CDQ team shall recommend that the commissioner forward the amendment to the NMFS with a recommendation for disapproval. If the commissioner decides to recommend disapproval under this subsection, the commissioner will notify the CDQ group, advising the group that it may request reconsideration under 6 AAC 93.090.

(i) Recommendation for disapproval of a technical amendment for a noncore project. If the CDQ manager finds that a technical amendment for a noncore project proposed under (d) of this section is inconsistent with the investment policies or federal requirements referred to in (b) of this section, or that the amendment will reduce the CDQ group's ability to successfully meet the milestones and objectives in its CDP, the CDQ manager shall recommend disapproval of the amendment. If the CDQ manager finds that the amendment is inconsistent with the standards in 6 AAC 93.017, the CDQ manager may recommend disapproval of the amendment. The CDQ group may request reconsideration of the CDQ manager's decision under 6 AAC 93.090.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151

Authority - Ak. Const., art. III, sec. 1

Ak. Const., art. III, sec. 24

AS 44.33.020 (11)

Editor's Notes - The mailing address for the CDQ team is set out in the editor's note at 6 AAC 93.015.

## **6 AAC 93.057 RECLASSIFICATION OF CORE AND NONCORE PROJECTS.**

(a) If the annual progress report prepared by the CDQ team under 6 AAC 93.015 will address a CDQ project classified in the CDP as a noncore CDQ project that has been found by the CDQ team to meet the criteria for a core CDQ project in 6 AAC 93.900, the CDQ team may reclassify a noncore CDQ project as a core CDQ project in that report and shall request the CDQ group to seek a substantial amendment to its CDP under 6 AAC 93.055 (c). For the purposes of this subsection, the criteria in the definition of "core CDQ project" at 6 AAC 93.900 (13)(C)(i) may not be considered.

(b) If a CDQ group believes that a project classified in the group's CDP as a core CDQ project should instead be classified as a noncore CDQ project, the CDQ group may petition the CDQ team to reclassify the project. A CDQ group may submit a petition under this subsection only between June 15 and August 15.

(c) The CDQ team shall consider the following factors in its review of a petition submitted under (b) of this section:

(1) the maturity of the business cycle, the stability of management, and the profitability of the project;

(2) the success of the project in meeting the milestones and objectives in the CDP;

(3) whether the majority of activities of the project are occurring in, or in proximity to, an eligible CDQ community; and

(4) the overall impact the project has on the success of the CDQ group's CDP.



(d) If the CDQ team approves a petition submitted under (b) of this section, the petition will be treated as a technical amendment that is recommended for approval by the NMFS under 50 C.F.R. 679.30(g)(5).

History - Eff. 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

Editor's Notes - The mailing address for the CDQ team is set out in the editor's note at [6 AAC 93.015](#).

#### **6 AAC 93.060 SUSPENSION OR TERMINATION OF A CDP; DECREASE IN ALLOCATION.**

(a) The governor will, in the governor's discretion, recommend to the NMFS in writing that a CDP be partially suspended, or terminated or that allocations under CDP be decreased if, as part of the annual progress report prepared under [6 AAC 93.015](#) or in response to an allegation under (c) of this section, the CDQ team notifies the governor that the CDQ team has determined that a CDQ group

(1) has failed to comply with

(A) this chapter; or

(B) 50 C.F.R. 679;

(2) has failed to met its milestones or objectives; or

(3) appears unlikely to meet its milestones or objectives.

(b) Nothing in (a) of this section precludes the governor from including a recommendation for a decreased allocation with a recommendation for a partial suspension.

(c) If, at any time during the course of a CDP, the CDQ team is advised that a CDQ group has failed to comply with 50 C.F.R. 679 or with this chapter, the CDQ Team will send a written notice of the allegation to the CDQ group at the address on file at the department for the group. The CDQ group may, within 10 days after receipt of the notice, submit to the CDQ team a written response to the allegation. The CDQ team shall consider the CDQ group's written response, if any, in deciding whether to make a recommendation to the governor under (a) or (b) of this section. If the CDQ team decides to make a recommendation under (a) or (b) of this section, the CDQ team shall include the CDQ group's written response, if any, with the recommendation transmitted to the governor.

(d) Before sending the governor's recommendation under (a) or (b) of this section to the NMFS, the CDQ team shall inform the CDQ group of the governor's decision. The CDQ group may request reconsideration of the governor's decision under [6 AAC 93.090](#).

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)

#### **6 AAC 93.070 CONFIDENTIAL RECORDS.**

(a) Except as provided in (b) and (c) of this section, records submitted under this chapter by an applicant or a CDQ group that are in the possession of the governor or the CDQ team are subject to AS 09.25.110 - 09.25.120 and are open to inspection by the public during regular office hours.

(b) A participating community, applicant, CDQ group, or managing organization wishing to protect a record that was provided to the state under this chapter may file with the governor or CDQ team a written petition identifying the record

to be protected and showing good cause to classify the record as confidential. If, at the time of submission, a participating community, applicant, CDQ group, or managing organization wishes to protect a record being submitted under this chapter, the community, applicant, group, or organization shall mark the record as "confidential" and show good cause to classify the record as confidential.

(c) Good cause to classify a record as confidential under this section includes a showing that

(1) disclosure of the record to the public might competitively or financially disadvantage or harm the participating community, applicant, CDQ group, or managing organization with the confidentiality interest, or might reveal a trade secret or proprietary business interest; and

(2) the need for confidentiality outweighs the public interest in disclosure.

(d) If the governor or CDQ team determines that good cause exists under (c) of this section, the governor or CDQ team will, in writing, classify the records as "confidential" and restrict access to them.

(e) Except as provided in Alaska Rules of Court, a record classified as confidential under this section will not be made public or furnished to any person other than the United States Secretary of Commerce, the North Pacific Fishery Management Council, the Alaska Region of the National Marine Fisheries Service, the governor, the CDQ team and staff, or other authorized representatives of the governor.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 1/1/98, Register 144; am 8/19/99, Register 151  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24  
AS 44.33.020 (11)  
Editor's Notes - The mailing address for the CDQ team is set out in the editor's note at [6 AAC 93.015](#).

#### **6 AAC 93.075 GENERAL PROVISIONS.**

(a) The governor will, in the governor's discretion, consider other factors not identified in this chapter if those factors are relevant to the decision or recommendation in question.

(b) The governor will, in the governor's discretion, relax or reduce the notice requirements of [6 AAC 93.020](#) - [6 AAC 93.040](#) if the governor determines that a shortened or less expensive method of public notice is reasonably designed to reach all interested persons.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126  
Authority - Art. III, Sec. 1, Ak. Const.  
Art. III, Sec. 24, Ak. Const.

#### **6 AAC 93.080 REPORTING OF CDQ PROGRAM FISHERY HARVEST.**

A buyer of fish that, under [AS 16.05.690](#) and [5 AAC 39.130](#), is required to record and report a purchase of fish shall also record and report the buyer's purchases of fishery resources that are harvested through a CDQ program. This shall be done in the manner required by [AS 16.05.690](#) and [5 AAC 39.130](#) and other regulations adopted under that statute.

History - Eff. 1/1/98, Register 144  
Authority - Ak. Const., art. III, sec. 1  
Ak. Const., art. III, sec. 24



#### 6 AAC 93.090 RECONSIDERATION PROCESS.

(a) A CDQ group may submit to the CDQ team a request for reconsideration of a decision under 6 AAC 93.055 or a decision under 6 AAC 93.060. Subject to (e) of this section, the request for reconsideration must be submitted within 20 days after the CDQ group receives notice of the decision. For a decision to be reconsidered, the request for reconsideration must include additional information that was not provided for consideration in the initial decision.

(b) For reconsideration of a decision under

(1) 6 AAC 93.055 (h), the CDQ team shall review the additional information submitted with the request for reconsideration and make a recommendation to the commissioner regarding a reconsideration decision;

(2) 6 AAC 93.055 (i), the CDQ manager shall review the additional information submitted with the request for reconsideration and make a reconsideration decision; or

(3) 6 AAC 93.060, the CDQ team shall review the additional information submitted with the request for reconsideration and make a recommendation to the governor regarding a reconsideration decision.

(c) Within 20 days after a request for reconsideration is received, notification to the CDQ group of the reconsideration decision will be made by

(1) the commissioner, for a decision under 6 AAC 93.055 (h);

(2) the CDQ manager, for a decision under 6 AAC 93.055 (i); or

(3) the governor, for a decision under 6 AAC 93.060.

(d) Findings regarding a reconsideration decision will be submitted to the NMFS along with the final recommendation regarding the amendment, suspension, termination, or decrease in allocation. The CDQ team shall shorten the time within which a request for reconsideration may be submitted under (a) of this section if the CDQ team determines that a participating community will be competitively or financially harmed by a delay in issuing the decision.

History - Eff. 8/19/99, Register 151

Authority - Ak. Const., art. III, sec. 1

Ak. Const., art. III, sec. 24

AS 44.33.020 (11)

Editor's Notes - The mailing address for the CDQ team is set out in the editor's note at 6 AAC 93.015.

#### 6 AAC 93.900 DEFINITIONS.

In this chapter

(1) "active CDQ project" means a CDQ project that was initiated under an approved CDP or through the amendment process in 6 AAC 93.055, and that continues its status as a CDQ project;

(2) "allocation" includes a CDQ allocation and a PSQ allocation under 50 C.F.R. 679;

(3) "allocation cycle" means the time of duration of a CDP as designated at the onset of the CDQ application period;

(4) "application period" means the time between the date of publication of the notice under 6 AAC 93.020 (a) and the forwarding of the final CDP recommendation to the NMFS;

(5) "CDP" means community development plan;

(6) "CDQ" means community development quota;

(7) "CDQ activity" means an activity pursued by the CDQ group that is paid for, directly or indirectly, through CDQ assets;

(8) "CDQ asset" means property of a CDQ group;

(9) "CDQ liability" means a debt of a CDQ group;

(10) "CDQ manager" means the department employee designated by the commissioner;

(11) "CDQ team" means the state officials designated in or under 6 AAC 93.015;

(12) "commissioner" means the commissioner of the department;

(13) "core CDQ project" means a CDQ project that (A) has a collective ownership by the applicant or CDQ group that is in excess of 49 percent;

(B) has a level of involvement by the applicant or CDQ group that demonstrates effective managing control, as determined by the CDQ team; or

(C) meets at least two of the following criteria:

(i) the applicant's or CDQ group's equity interest in the CDQ project constitutes at least 25 percent of the applicant's or group's assets;

(ii) the CDQ project has total indebtedness that the applicant or CDQ group is directly liable for in excess of 25 percent of the applicant's or group's assets;

(iii) the CDQ project has total indebtedness that the applicant or CDQ group is directly liable for in excess of 25 percent of the applicant's or group's assets;

(iii) the CDQ project has been determined by the annual progress report prepared under 6 AAC 93.015 to not meet the milestones and objectives in the CDP for three consecutive years;

(iv) the CDQ project receives funding from the applicant or CDQ group in a calendar year;

(14) "department" means the Department of Community and Economic Development;

(15) "fisheries-related" means to have a direct or indirect link to the commercial fisheries industry;

(16) "for-profit CDQ project" means a CDQ project with a central activity that involves an ongoing exchange of goods or services for compensation between two or more parties;

(17) "governing body" means a city council, traditional council, or Indian Reorganization Act (IRA) Council;

(18) "NMFS" means the federal National Marine Fisheries Service;

(19) "noncore CDQ project" means a CDQ project that is not a core CDQ project;

(20) "proposed CDQ project" means a CDQ project that is yet to be initiated;

(21) "substantial variation" means a significant change in the normal scope of operations of an active CDQ project as stated in the CDP; a "substantial variation" includes a change that could result in a determination of inconsistency with the standards in 6 AAC 93.017 and a change that could affect a CDQ group's ability to meet the milestones and objectives in the CDP.

History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144; am 8/19/99, Register 151

Authority - Ak. Const., art. III, sec. 1

Ak. Const., art. III, sec. 24

AS 44.33.020 (11)

Editor's Notes - Definitions of other terms under in 6 AAC 93 are found at 50 C.F.R. 679.2.

## Subpart C--Western Alaska Community Development Quota Program

### § 679.30 General CDQ regulations.

#### (a) Application procedure.

The CDQ program is a voluntary program. Allocations of CDQ and PSQ are made to CDQ groups and not to vessels or processors fishing under contract with any CDQ group. Any vessel or processor harvesting or processing CDQ or PSQ under a CDP must comply with all other requirements of this part. In addition, the CDQ group is responsible to ensure that vessels and processors listed as eligible on the CDQ group's approved CDP comply with all requirements of this part while harvesting or processing CDQ species. Allocations of CDQ and PSQ are harvest privileges that expire upon the expiration of the CDP. When a CDP expires, further CDQ allocations are not implied or guaranteed, and a qualified applicant must re-apply for further allocations on a competitive basis with other qualified applicants. The CDQ allocations provide the means for CDQ groups to complete their CDQ projects. A qualified applicant may apply for CDQ and PSQ allocations by submitting a proposed CDP to the State during the CDQ application period that is announced by the State. A proposed CDP must include the following information:

#### (1) Community development information.

Community development information includes:

(i) Project description. A detailed description of all proposed CDQ projects, including the short- and long-term benefits to the qualified applicant from the proposed CDQ projects. CDQ projects should not be designed with the expectation of CDQ allocations beyond those requested in the proposed CDP.

(ii) Project schedule. A schedule for the completion of each CDQ project with measurable milestones for determining the progress of each CDQ project.

(iii) Employment. The number of individuals to be employed through the CDP projects, and a description of the nature of the work and the career advancement potential for each type of work.

(iv) Community eligibility. A list of the participating communities. Each participating community must be listed in Table 7 to this part or meet the criteria for an eligible community under § 679.2.

(v) Community support. A demonstration of each participating community's support for the qualified applicant and the managing organization through an official letter approved by the governing body of each such community.

#### (2) Managing organization information.

A proposed CDP must include the following information about the managing organization:

(i) Structure and personnel. A description of the management structure and key personnel of the managing organization, such as resumes and references, including the name, address, fax number, and telephone number of the qualified applicant's CDQ representative.

(ii) Management qualifications. A description of how the managing organization is qualified to carry out the CDP projects in the proposed CDP, and a demonstration that the managing organization has the management, technical expertise, and ability to manage CDQ allocations and prevent exceeding a CDQ or PSQ.

(iii) Legal relationship. Documentation of the legal relationship between the qualified applicant and the managing organization (if the managing organization is different from the qualified applicant) clearly describing the responsibilities and obligations of each party as demonstrated through a contract or other legally binding agreement.

(iv) Board of directors. The name, address, and telephone number of each member of the board of directors of the qualified applicant. If a qualified applicant represents more than one community, the board of directors of the qualified applicant must include at least one member from each of the communities represented.

#### (3) Business information.

A proposed CDP must include the following business information:

(i) Business relationships. A description of all business relationships between the qualified applicant and all individuals who have a financial interest in a CDQ project or subsidiary venture, including, but not limited to, any arrangements for management and audit control and any joint venture arrangements, loans, or other partnership arrangements, including the distribution of proceeds among the parties.

(ii) Profit sharing. A description of all profit sharing arrangements.



§ 679.30 General CDQ regulations

(iii) Funding. A description of all funding and financing plans.

(iv) General budget for implementing the CDP. A general account of estimated income and expenditures for each CDQ project for the total number of calendar years that the CDP is in effect.

(v) Financial statement for the qualified applicant. The most recent audited income statement, balance sheet, cash flow statement, management letter, and agreed upon procedures report.

(vi) Organizational chart. A visual representation of the qualified applicant's entire organizational structure, including all divisions, subsidiaries, joint ventures, and partnerships. This chart must include the type of legal entity for all divisions, subsidiaries, joint ventures, and partnerships; state of registration of the legal entity; and percentage owned by the qualified applicant.

(4) Request for CDQ and PSQ allocations.

A list of the percentage of each CDQ reserve and PSQ reserve, as described at § 679.31 that is being requested. The request for allocations of CDQ and PSQ must identify percentage allocations requested for CDQ fisheries identified by the primary target species of the fishery as defined by the qualified applicant and the gear types of the vessels that will be used to harvest the catch.

(5) Fishing plan for groundfish and halibut CDQ fisheries.

The following information must be provided for all vessels that will be groundfish CDQ fishing, all vessels equal to or greater than 60 ft (18.3 m) LOA that will be halibut CDQ fishing, and for all shoreside processors that will take delivery of groundfish CDQ species from these vessels.

(i) List of eligible vessels and processors

(A) Vessels

(1) Information required for all vessels. A list of the name, Federal fisheries permit number (if applicable), ADF&G vessel number, LOA, gear type, and vessel type (catcher vessel, catcher/processor, or mothership). For each vessel, report only the gear types and vessel types that will be used while CDQ fishing. Any CDQ vessel that is exempt from license limitation requirements under § 679.4(k)(2)(iv) of this part must be identified as such.

(2) Information required for observed vessels using trawl or hook-and-line gear and motherships taking deliveries from these vessels. For each catcher/processor and catcher vessel 60 ft (18.29 m) LOA or greater using trawl or hook-and-line gear and not delivering unsorted codends, or for each mothership, the CDP must include the following information that will be used by NMFS to determine whether sufficient observer coverage is provided to sample each CDQ haul, set, or delivery. Provide the information for groundfish CDQ fishing as defined under § 679.2 and provide separate information by management area or fishery if information differs among management areas or fisheries.

(i) Number of CDQ observers that will be aboard the vessel. For catcher/processors using hook-and-line gear proposing to carry only one CDQ observer, the CDP must include vessel logbook or observer data that demonstrates that one CDQ observer can sample each set for species composition in one 12-hour shift per fishing day.

(ii) Average and maximum number of hauls or sets that will be retrieved on any given fishing day while groundfish CDQ fishing.

(iii) For vessels using trawl gear, the average and maximum total catch weight for any given haul while groundfish CDQ fishing.

(iv) For vessels using trawl gear, the number of hours necessary to process the average and maximum haul size while groundfish CDQ fishing.

(v) For vessels using hook-and-line gear, the average number of hooks in each set and estimated time it will take to retrieve each set while groundfish CDQ fishing.

(vi) Whether any halibut CDQ will be harvested by vessels groundfish CDQ fishing.

(B) Shoreside processors or stationary floating processors. A list of the name, Federal processor permit number, and location of each shoreside processor or stationary floating processor that is required to have a Federal processor permit under § 679.4(f) and will take deliveries of, or process, groundfish CDQ catch from any vessel groundfish CDQ fishing or from vessels equal to or greater than 60 ft (18.3 m) LOA that are halibut CDQ fishing.

(ii) Sources of data or methods for estimating CDQ and PSQ catch. The sources of data or methods that will be used to determine catch weight of CDQ and PSQ for each vessel or processor proposed as eligible



§ 679.30 General CDQ regulations

under the CDP. For each vessel or processor, the CDP must specify whether the NMFS' standard sources of data set forth at § 679.32(d)(2) or some other alternative will be used. For catcher vessels using nontrawl gear, the CDP must also specify whether the vessel will be retaining all groundfish CDQ catch (Option 1) or will be discarding some groundfish CDQ catch at sea (Option 2). The qualified applicant may propose the use of an alternative method such as the sorting and weighing of all catch by species on processor vessels or using larger sample sizes than could be collected by one observer. NMFS will review the proposal and approve it or notify the qualified applicant in writing if the proposed alternative does not meet these requirements. The qualified applicant may remove the vessel or processor for which the alternative method is proposed from the proposed CDP to facilitate approval of the CDP and add the vessel or processor to the approved CDP by substantial amendment at a later date. Alternatives to the requirement for a certified scale or an observer sampling station may not be proposed. NMFS will review the alternative proposal to determine if it meets all of the following requirements:

(A) The alternative proposed must provide equivalent or better estimates than use of the NMFS standard data source would provide and the estimates must be independently verifiable;

(B) Each haul or set on an observed vessel must be able to be sampled by an observer for species composition;

(C) Any proposal to sort catch before it is weighed must assure that the sorting and weighing process will be monitored by an observer; and

(D) The time required for the CDQ observer to complete sampling, data recording, and data communication duties shall not exceed 12 hours in each 24-hour period and the CDQ observer is required to sample no more than 9 hours in each 24-hour period.

(iii) Amendments to the list of eligible vessels and processors. The list of eligible vessels and processors may be amended by submitting the information required in paragraphs (a)(5)(i) and (ii) of this section as an amendment to the approved CDP. A technical amendment may be used to remove any vessel from a CDP, to add any vessel to a CDP if the CDQ group will use NMFS' standard sources of data to determine CDQ and PSQ catch for the vessel, or to add any vessel to a CDP for which an alternative method of determining

CDQ and PSQ catch has been approved by NMFS under an approved CDP for another CDQ group. A substantial amendment must be used to add a vessel to an approved CDP if the CDQ group submits a proposed alternative method of determining CDQ and PSQ catch for NMFS review.

(6) CDQ planning

(i) Transition plan. A proposed CDP must include an overall plan and schedule for transition from reliance on CDQ allocations to self-sufficiency in fisheries. The plan for transition to self-sufficiency must be based on the qualified applicant's long-term revenue stream without CDQs.

(ii) Post-allocation plan. [Reserved]

**(b) Public hearings on CDQ application.**

When the CDQ application period has ended, the State must hold a public hearing to obtain comments on the proposed CDPs from all interested persons. The hearing must cover the substance and content of proposed CDPs so that the general public, particularly the affected parties, have a reasonable opportunity to understand the impact of the proposed CDPs. The State must provide reasonable public notification of hearing date and location. At the time of public notification of the hearing, the State must make available for public review all State materials pertinent to the hearing.

**(c) Council consultation.**

Before the State sends its recommendations for approval of proposed CDPs to NMFS, the State must consult with the Council and make available, upon request, the proposed CDPs that are not part of the State's recommendations.

**(d) Review and approval of proposed CDPs.**

The State must transmit the proposed CDPs and its recommendations for approval of each of the proposed CDPs to NMFS, along with the findings and the rationale for the recommendations, by October 15 of the year prior to the first year of the proposed CDP, except in 1998, when CDPs for the 1998 through 2000 multispecies groundfish CDQs must be submitted by

§ 679.30 General CDQ regulations

July 6, 1998. The State shall determine in its recommendations for approval of the proposed CDPs that each proposed CDP meets all applicable requirements of this part. Upon receipt by NMFS of the proposed CDPs and the State's recommendations for approval, NMFS will review the proposed CDPs and approve those that it determines meet all applicable requirements. NMFS shall approve or disapprove the State's recommendations within 45 days of their receipt. In the event of approval of the CDP, NMFS will notify the State in writing that the proposed CDP is approved by NMFS and is consistent with all requirements for CDPs. If NMFS finds that a proposed CDP does not comply with the requirements of this part, NMFS must so advise the State in writing, including the reasons thereof. The State may submit a revised proposed CDP along with revised recommendations for approval to NMFS.

*(e) Transfer.*

CDQ groups may request that NMFS transfer CDQ allocations, CDQ, PSQ allocations, or PSQ from one group to another by each group filing an appropriate amendment to its CDP. Transfers of CDQ and PSQ allocations must be in whole integer percentages, and transfers of CDQ and PSQ must be in whole integer amounts. If NMFS approves both amendments, NMFS will make the requested transfer(s) by decreasing the account balance of the CDQ group from which the CDQ or PSQ species is transferred by the amount transferred and by increasing the account balance of the CDQ group receiving the transferred CDQ or PSQ species by the amount transferred. NMFS will not approve transfers to cover overages of CDQ or PSQ.

(1) CDQ allocation.

CDQ groups may request that NMFS transfer any or all of one group's CDQ allocation to another by each group filing an amendment to its CDP through the CDP substantial amendment process set forth at paragraph (g)(4) of this section. The CDQ allocation will be transferred as of January 1 of the calendar year following the calendar year NMFS approves the amendments of both groups and is effective for the duration of the CDPs.

(2) CDQ.

CDQ groups may request that NMFS transfer any or all of one group's CDQ for a calendar year to another

by each group filing an appropriate amendment to its CDP. If the amount to be transferred is 10 percent or less of a group's initial CDQ amount for that year, that group's request may be made through the CDP technical amendment process set forth at paragraph (g)(5) of this section. If the amount to be transferred is greater than 10 percent of a group's initial CDQ amount for the year, that group's request must be made through the CDP substantial amendment process set forth at paragraph (g)(4) of this section. The CDQ will be transferred as of the date NMFS approves the amendments of both groups and is effective only for the remainder of the calendar year in which the transfer occurs.

(3) PSQ allocation.

CDQ groups may request that NMFS transfer any or all of one group's PSQ allocation to another CDQ group through the CDP substantial amendment process set forth at paragraph (g)(4) of this section. Each group's request must be part of a request for the transfer of a CDQ allocation, and the requested amount of PSQ allocation must be the amount reasonably required for bycatch needs during the harvesting of the CDQ. Requests for the transfer of a PSQ allocation may be submitted to NMFS from January 1 through January 31. Requests for transfers of a PSQ allocation will not be accepted by NMFS at other times of the year. The PSQ allocation will be transferred as of January 1 of the calendar year following the calendar year NMFS approves the amendments of both groups and is effective for the duration of the CDPs.

(4) PSQ.

CDQ groups may request that NMFS transfer any or all of one group's PSQ for one calendar year to another by each group filing an amendment to its CDP through the CDP substantial amendment process set forth at paragraph (g)(4) of this section. Each group's request must be part of a request for the transfer of CDQ, and the requested amount of PSQ must be the amount reasonably required for bycatch needs during the harvesting of the CDQ. Requests for the transfer of PSQ may be submitted to NMFS from January 1 through January 31. Requests for transfers of PSQ will not be accepted by NMFS at other times of the year. The PSQ will be transferred as of the date NMFS approves the amendments of both groups and is

§ 679.30 General CDQ regulations

effective only for the remainder of the calendar year in which the transfer occurs.

***(f) CDQ group responsibilities.***

A CDQ group's responsibilities include, but are not limited to, the following:

- (1) Direct and supervise all activities of the managing organization;
- (2) Maintain the capability to communicate with all vessels harvesting its CDQ and PSQ at all times;
- (3) Monitor the catch of each CDQ or PSQ;
- (4) Submit the CDQ catch report described at § 679.5(n)(2);
- (5) Ensure that no CDQ, halibut PSQ, or crab PSQ is exceeded;
- (6) Ensure that the CDQ group's CDQ harvesting vessels and CDQ processors will:
  - (i) Provide observer coverage, equipment, and operational requirements for CDQ catch monitoring;
  - (ii) Provide for the communication of observer data from their vessels to NMFS and the CDQ representative;
  - (iii) Maintain contact with the CDQ group for which it is harvesting CDQ and PSQ;
  - (iv) Cease fishing operations when requested by the CDQ group; and
  - (v) Comply with all requirements of this part while harvesting or processing CDQ species.
- (7) Comply with all requirements of this part.

***(g) Monitoring of CDPs***

***(1) Annual progress report.***

- (i) The State must submit to NMFS, by October 31 of each year, an annual progress report for the previous calendar year for each CDP.
- (ii) Annual progress reports must be organized on a project-by-project basis and include information for each CDQ project in the CDP describing how each scheduled milestone in the CDP has been met, and an

estimation by the State of whether each of the CDQ projects in the CDP is likely to be successful.

(iii) The annual report must include a description by the State of any problems or issues in the CDP that the State encountered during the annual report year.

***(2) Annual budget report.***

- (i) Each CDQ group must submit to NMFS an annual budget report by December 15 preceding the year for which the annual budget applies.
- (ii) An annual budget report is a detailed estimate of the income from the CDQ project and of the expenditures for each subsidiary, division, joint venture, partnership, investment activity, or CDQ project as described in paragraph (a)(1)(i) of this section for a calendar year. A CDQ group must identify the administrative costs for each CDQ project. The CDQ group's total administrative costs will be considered a separate CDQ project.
- (iii) An annual budget report is approved upon receipt by NMFS, unless disapproved by NMFS in writing by December 31. If disapproved, the annual budget report will be returned to the CDQ group for revision and resubmittal to NMFS.

***(3) Annual budget reconciliation report.***

A CDQ group must reconcile its annual budget by May 30 of the year following the year for which the annual budget applied. Reconciliation is an accounting of the annual budget's estimated income and expenditures with the actual income and expenditures, including the variance in dollars and variance in percentage for each CDQ project that is described in paragraph (a)(1)(i) of this section.

***(4) Substantial amendments.***

A CDP is a working business plan and must be kept up to date.

(i) Substantial amendments to a CDP require a written request by the CDQ group to the State and NMFS for approval of the amendment. The State must forward the amendment to NMFS with a recommendation as to whether it should be approved.

(ii) NMFS will notify the State in writing of the approval or disapproval of the amendment within 30 days of receipt of both the amendment and the State's recommendation. Except for substantial amendments for the transfer of CDQ and PSQ, which are effective only for the remainder of the calendar year in which the transfer occurs (see paragraphs (e)(2) and (4) of this

§ 679.30 General CDQ regulations

section), once a substantial amendment is approved by NMFS, the amendment will be effective for the duration of the CDP.

(iii) If NMFS determines that the CDP, if changed, would no longer meet the requirements of this subpart, NMFS will notify the State in writing of the reasons why the amendment cannot be approved.

(iv) For the purposes of this section, substantial amendments are defined as changes in a CDP, including, but not limited to:

(A) Any change in the list of communities comprising the CDQ group or replacement of the managing organization.

(B) A change in the CDP applicant's harvesting or processing partner.

(C) Funding a CDP project in excess of \$100,000 that is not part of an approved general budget.

(D) More than a 20-percent increase in the annual budget of an approved CDP project.

(E) More than a 20-percent increase in actual expenditures over the approved annual budget for administrative operations.

(F) A change in the contractual agreement(s) between the CDQ group and its harvesting or processing partner or a change in a CDP project, if such change is deemed by the State or NMFS to be a material change.

(G) Any transfer of a CDQ allocation, PSQ allocation, PSQ, or a transfer of more than 10 percent of a CDQ.

(H) The addition of a vessel to a CDP if the CDQ group submits a proposed alternative method of determining CDQ and PSQ catch under paragraph (a)(5)(ii) of this section for NMFS review.

(v) The request for approval of a substantial amendment to a CDP shall include the following information:

(A) The background and justification for the amendment that explains why the proposed amendment is necessary and appropriate.

(B) An explanation of why the proposed change to the CDP is a substantial amendment.

(C) A description of the proposed amendment, explaining all changes to the CDP that result from the proposed amendment.

(D) A comparison of the original CDP text, with the text of the proposed changes to the CDP, and the revised pages of the CDP for replacement in the CDP

binder. The revised pages must have the revision date noted, with the page number on all affected pages. The table of contents may also need to be revised to reflect any changes in pagination.

(E) Identification of any NMFS findings that would need to be modified if the amendment is approved, along with the proposed modified text.

(F) A description of how the proposed amendment meets the requirements of this subpart. Only those CDQ regulations that are affected by the proposed amendment need to be discussed.

(5) Technical amendments.

Any change to a CDP that is not considered a substantial amendment under paragraph (g)(4)(iv) of this section is a technical amendment.

(i) The CDQ group must notify the State in writing of any technical amendment. Such notification must include a copy of the pages of the CDP that would be revised by the amendment, with the text highlighted to show the proposed deletions and additions, and a copy of the CDP pages as they would be revised by the proposed amendment for insertion into the CDP binder. All revised CDP pages must include the revision date, amendment identification number, and CDP page number. The table of contents may also need to be revised to reflect any changes in pagination.

(ii) The State must forward the technical amendment to NMFS with its recommendations for approval or disapproval of the amendment. A technical amendment is approved by NMFS and is effective when, after review, NMFS notifies the State in writing of the technical amendment's receipt and approval.

*(h) Suspension or termination of a CDP.*

An annual progress report, required under paragraph (g)(1) of this section, will be used by the State to review each CDP to determine whether the CDP, CDQ, and PSQ allocations thereunder should be continued, decreased, partially suspended, suspended, or terminated under the following circumstances:

(1) If the State determines that the CDP will successfully meet its goals and objectives, the CDP may continue without any Secretarial action.

(2) If the State recommends to NMFS that an allocation be decreased, the State's recommendation for

§ 679.30 General CDQ regulations

decrease will be deemed approved if NMFS does not notify the State in writing within 30 days of receipt of the State's recommendation.

(3) If the State determines that a CDP has not successfully met its goals and objectives or appears unlikely to become successful, the State may submit a recommendation to NMFS that the CDP be partially suspended, suspended, or terminated. The State must set out, in writing, the reasons for recommending suspension or termination of the CDP.

(4) After review of the State's recommendation and reasons thereof, NMFS will notify the Governor, in writing, of approval or disapproval of the recommendation within 30 days of its receipt. In the case of suspension or termination, NMFS will publish notification in the *Federal Register*, with reasons thereof.

**Appendix 8  
Factors for Consideration**

## FACTORS FOR CONSIDERATION IN CDP APPLICATION

In reviewing the CDP applications, the state is to consider the following factors.

- CDPs provides specific and measurable benefits to each community participating in the CDP.
- A proposed CDP has the support of all participating communities.
- The CDQ group, to the greatest extent possible, has promoted conservation-based fisheries by taking actions that will minimize bycatch, provide for full retention and increased utilization of the fishery resource, and minimize impact to essential fish habitats.
- The number of participating eligible communities, the population of each community and the economic conditions in each community.
- The size of the allocation requested by the applicant and the proper allocation necessary to achieve the milestones and objectives stated in the proposed CDP.
- The degree, if any, to which each CDQ project is expected to develop a self-sustaining local fisheries economy, and the proposed schedule for transition from reliance on an allocation to economic self-sufficiency.
- The degree, if any, to which each CDQ project is expected to generate capital or equity in the local fisheries economy or infrastructure; or investment in commercial fishing or fish processing operations.
- The applicant's contractual relationship with joint venture partners and the managing organization.
- The applicant's and the applicant's harvesting and processing partners', if any, involvement and diversity in all facets of harvesting and processing.
- The coordination or cooperation with other applicants or CDQ groups on CDQ projects.
- The experience of the applicant's industry partners, if any.
- The applicant's CDQ projects for employment, education, and training that provide career track opportunities.
- The benefits, if any, to the state's economy or to the economy of communities that are not eligible to participate in the CDQ program.
- A demonstration that the applicant has a formal, effective administrative process that sets out sound business principles and examples of due diligence that the applicant will exercise.
- The development, if any, of innovative products and processing techniques as well as innovation in harvesting gear for conservation and maximum utilization of the fishery resource.
- The applicant's ability to maintain control over each of its allocations.
- The capital or equity to be generated by the applicant's CDQ projects for fisheries-related business investment.
- The past performance of the applicant and the applicant's industry partners, as appropriate.
- The applicant's transition plan, including the objectives set out in the milestone table.
- The inclusion in the proposed CDP of realistic measurable milestones for determining progress.
- The degree of participating community input in developing the proposed CDP.
- The likely effectiveness of the outreach project.

## FACTORS FOR CONSIDERATION IN CDP APPLICATION

- Comments provided by other agencies, organizations, and the public.



Confidential Information Not Released

Appendix 9  
CDQ Harvesting Contacts

Confidential Information Not Released

Appendix 10  
NSEDG's Community Benefit Share Project